

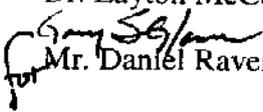


South Carolina Commission on Higher Education

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March 26, 2008

TO: Dr. Layton McCurdy, Chair, and Members, Commission on Higher Education
FROM:  Mr. Daniel Ravenel, Chair, Committee on Finance & Facilities
SUBJECT: Items for Consideration on April 3

Attached are items for your review and consideration at the April 3 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on the interim capital projects or lease but is scheduled to review and develop recommendations at its meeting scheduled for 9:00 a.m. on April 3. The Committee will bring its recommendations to the Commission for consideration at the Commission meeting. Staff recommendations are included for your information.

The Committee reviewed and approved the proposed methodology for calculating infrastructure maintenance needs at its March 6 meeting.

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.

6.04A Interim Capital Projects

- A. Francis Marion University
 - i. Center for the Performing Arts Construction
-increase budget, revise scope
- B. Tri-County Technical College
 - i. Pickens County Land Acquisition
-establish project

6.04B Lease

- A. Greenville Technical College
 - i. Academic Building on Brashier Campus
-new lease

6.04C Consideration of Method for Calculating Infrastructure Maintenance Needs

6.04D List of Staff Approvals for March 2008 (For Information)

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

April 3, 2008

FRANCIS MARION UNIVERSITY

PROJECT NAME: Center for the Performing Arts Construction
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$10,500,000*
INITIAL CHE APPROVAL DATE: August 2, 2006

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$1,475,000	\$3,135,000	\$1,660,000
Equipment and/or Materials	\$1,200,000	\$500,000	(\$700,000)
Site Development	\$300,000	\$200,000	(\$100,000)
New Construction (50,000 SF to 68,000 SF)	\$14,000,000	\$28,000,000	\$14,000,000
Landscaping	\$250,000	\$75,000	(\$175,000)
Builders Risk Insurance	\$25,000	\$25,000	\$0
Contingency	\$750,000	\$565,000	(\$185,000)
Total	\$18,000,000	\$32,500,000	\$14,500,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Capital/Maintenance Reserve Fund	\$0	\$2,500,000	\$2,500,000
State-Appropriated Funds*	\$7,000,000	\$11,000,000	\$4,000,000
Private Funds	\$10,000,000	\$15,000,000	\$5,000,000
City of Florence	\$0	\$3,000,000	\$3,000,000
Florence Redevelopment Funds	\$1,000,000	\$1,000,000	\$0
Total	\$18,000,000	\$32,500,000	\$14,500,000

*State-appropriated funds supersede CHE approval authority; therefore, the amount of this approval is \$10,500,000.

DESCRIPTION:

The University requests to revise the project scope and increase the budget to reflect consultation with the architecture firm Holzman Moss Architecture of New York City. The work included defining project requirements, developing detailed design documents, and determining attendant construction and overall project cost estimates. The current scope is the construction of a multi-level 68,000 SF facility located on approximately five acres adjoining Dargan, Cheves, and Palmetto Streets in downtown Florence. The cost per square foot is \$478.

The proposed building will house a variety of the University's fine arts programs, offices, and classrooms. The multi-function facility will include a 900-seat multi-purpose performance hall, a 100-seat experimental theater, small exhibit spaces, a concession area, a ticket/box office, and flexible educational spaces that can be used as music, vocal, and/or performance rehearsal space and/or classrooms. The site plan will include sidewalks, greenway areas, and an outdoor amphitheatre in a park-like setting.

Of note, the project includes \$2.5 million from the University's Capital/Maintenance Fund, which is derived from student fees that are assessed at a flat rate, not a percentage. Therefore, the project will not require an increase in tuition and fees. A guarantee letter for the private funds is on file at CHE.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Academic and staff support, facilities support materials and supplies, and operating utilities will require additional operating costs ranging between \$978,000 and \$1,037,540 in the three years following project completion. The additional operating costs will be provided by Performing Arts Center revenues augmented by institutional/appropriated funds as necessary.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

TRI-COUNTY TECHNICAL COLLEGE

PROJECT NAME: Pickens County Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$1,135,000
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Land Purchase	\$0	\$1,125,000	\$1,125,000
Professional Services Fees	\$0	\$10,000	\$10,000
Total	\$0	\$1,135,000	\$1,135,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Local Funds	\$0	\$1,135,000	\$1,135,000
Total	\$0	\$1,135,000	\$1,135,000

DESCRIPTION:

The College requests to purchase approximately 37.5 acres of land on Old Powdersville Road in Easley for future development of a campus location in Pickens County. The land's boundaries are delineated by SC Highway 153 to the east and US Highway 123 to the west.

A location in Easley will provide access to higher education for students in the College's service area to meet demands of business and industry and to meet the enrollment growth and educational requirements for employers and residents of the County. In the past 10 years, the institution has experienced enrollment growth of 43 percent. Pickens County currently provides 24 percent of the College's total enrollment. The County projects its population to continue to increase to 125,000 by 2015.

The location will focus on health programs such a radiologic technology and dental hygiene. In addition, the location will allow the offering of four-year college transfer courses, information technology, continuing education, GED preparation, adult education, and job-specific, short-term courses to be offered in conjunction with other agencies and organizations.

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 as proposed, pending approval by the State Board for Technical and Comprehensive Education (SBTCE) on April 8. The Board was originally scheduled to meet on March 25 but had to reschedule its meeting.

DESCRIPTION OF LEASE FOR CONSIDERATION

April 3, 2008

GREENVILLE TECHNICAL COLLEGE

LEASE NAME: Academic Building on Brashier Campus
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$274,699

DESCRIPTION:

The College requests approval to lease a new 53,000 SF educational facility from the Brashier Charter LLC to be located on the Greenville Technical College Brashier Campus. The leased space will be used by the College for night and weekend classes.

The building will be constructed on land owned by the College and leased to the Brashier Charter LLC, a subsidiary of the Greenville Technical College Foundation. The Brashier Charter LLC will construct the academic building. The building will be leased solely to the College. The College intends to sub-lease the facility to the Brashier Middle College Charter High School to be used for its daytime operations. It is anticipated the new facility will be shared on a 50/50 basis with all costs shared on that same basis. The College will have a greater share of the costs in the first year of the lease agreement as detailed in the appropriate sub-leasing documentation.

Rent will be in the amount equaling the debt service payments, which will be owed by Brashier Charter LLC for the development/construction of the new facility. At this time, annual debt service is anticipated to be \$549,398. As a result of the sub-lease with the Brashier Middle College Charter High School, the College's maximum annual lease cost is \$274,699, a monthly rate of \$22,892. The cost per square foot of leased space is \$10.37.

Operating expenses are not included in the lease, and the College estimates those costs to be approximately \$4.16 per SF in addition to the lease. The operating expenses include maintenance, grounds, utilities, and security.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board. Recommendation is also pending approval by the State Board for Technical and Comprehensive Education (SBTCE) on April 8. The Board was originally scheduled to meet on March 25 but had to reschedule its meeting.

**CONSIDERATION OF METHOD FOR CALCULATING
INFRASTRUCTURE MAINTENANCE NEEDS**

In May 2007, the Commission approved the method to calculate deferred maintenance in buildings across the state's campuses. At that time, a one-year grace period was approved to allow CHE staff to work with institutional facilities officers to determine the best method by which to calculate infrastructure needs. The Facilities Advisory Committee approved the proposed method at its meeting on February 12.

RECOMMENDATION:

The Committee on Finance and Facilities recommends approval of the proposed method to calculate infrastructure deferred maintenance needs.

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DEFINITIONS

- *Infrastructure Item:* As each campus varies in mission and size, the items to include would be at the discretion of the institutional facilities officer. The proposed reporting template includes several items that could apply to all institutions such as paved roads, sidewalks, irrigation, sewer lines, stormwater lines, and signage.
- *Quantity:* The portion of educational and general (E&G) area the institution is responsible for as determined by the percent of E&G space or the actual amount of space as determined by the unit of measurement.
- *Unit Cost:* The source or method by which cost is developed such as Means, A&E estimates, bids, local knowledge, etc.
- *Infrastructure Condition Code:* A value between 1 and 100 assigned to each item. The source or method by which condition was obtained should be noted. Examples include engineer estimate, recent bids, subjective evaluation, etc.

Note: The calculation method is described below with an example to illustrate how the formula would work using paved roads.

CALCULATION METHOD

➤ **EXTERNAL INFRASTRUCTURE**

1. Use quantity (Q), unit cost (UC), and infrastructure condition code (ICC)

Q: 168,072

UC: \$50

ICC: 50

2. Replacement Value (RV) = Q x UC

168,072 x \$50 = \$8,403,600

3. To Bring to Like-New Condition = ((100-ICC) x .01) x RV

((100-50) x .01) x \$8,403,600 = \$4,201,800

4. Annual Investment Required to Maintain (APPA Average) = RV x .03
 $\$8,403,600 \times .03 = \$252,108$
5. Acceptable Amount of Deferred Maintenance (APPA Standard) = (RV x .10) - Annual Investment Required
 $(\$8,403,600 \times .10) - \$252,108 = \$588,252$
6. Magnitude of Deferred Maintenance = Like-New Condition - (RV x .0333)
 $\$4,201,800 - (\$8,403,600 \times .0333) = \$3,949,692$
7. Deferred Maintenance to Eliminate = Magnitude - Acceptable Deferred Maintenance
 $\$3,949,692 - \$588,252 = \$3,361,440$
8. Additional Funding Per Year = Deferred Maintenance to Eliminate / 20 (# of years in plan)
 $\$3,361,440 / 20 = \$168,072$
9. Total Needed Per Year to Maintain Existing & Eliminate Deferred Maintenance = Annual Investment Required + Additional Funding Per Year
 $\$252,108 + \$168,072 = \$420,180$

INFORMATION ITEM

PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF
March 2008

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
3/3/2008	9590	Citadel	Law Barracks Replacement	decrease budget, close project	(\$141,043)	\$21,964,002
3/3/2008	9596	Citadel	Parking & Street Improvements - Deferred Maintenance	close project	\$0	\$130,000
3/3/2008	9598	Citadel	Alumni House - Deferred Maintenance	increase budget	\$55,000	\$904,000
3/3/2008	9599	Citadel	Infirmiry Renovation	increase budget	\$86,043	\$1,790,043
3/3/2008	9979	Midlands TC	Lexington Hall Addition	increase budget	\$102,024	\$2,750,000
3/3/2008	9988	Orangeburg-Calhoun TC	Fountain Installation (Construction Gift)	increase budget, revise scope	\$24,000	\$114,000
3/11/2008	9573	SC State	James E. Clyburn Transportation Research & Conference Center	increase budget	\$2,959	\$23,482,001
3/11/2008	9590	SC State	1981 Russell Street Land Acquisition	decrease budget, close project	(\$2,959)	\$92,041
3/11/2008	9955	Midlands TC	Classroom Building - Harbison Campus	change source of funds	\$0	\$7,000,000
3/11/2008	9957	Midlands TC	Campus Accelerator - Northeast Campus	change source of funds	\$0	\$5,000,000
3/11/2008	6028	USC Columbia	Humanities Pavilion Restaurant Construction	decrease budget, change source of funds, close project	(\$52,779)	\$1,847,221
3/11/2008	9508	USC Beaufort	Marine Sciences Building Renovations	close project	\$0	\$47,299
3/11/2008	9880	Greenville TC	Northwest Campus Construction	change source of funds	\$0	\$20,607,921
3/11/2008	New	Greenville TC	Student Center Renovations	establish project	\$0	\$150,000
3/21/2008	6038	USC Columbia	Academic Enrichment Center Construction	change project name	\$0	\$12,800,000
3/21/2008	9932	USC Columbia	Columbia Campus Food Service Facilities Renovation/Expansion	increase budget, close project	\$9,998	\$5,504,902
3/21/2008	9960	USC Columbia	Woodrow Roof Replacement ¹	cancel project	(\$600,000)	\$0
3/21/2008	9530	Coastal Carolina	Multipurpose Athletic Facility	close project	\$0	\$11,935,000
3/21/2008	New	Spartanburg CC	Central Energy Plant 700 Ton Chiller ²	establish project	\$0	\$800,000

¹Due to project postponement, scope and cost changed dramatically. A new project was established based on current estimates and scope of roof replacement and exterior repairs. The Commission approved the new project on November 2, 2007.

²Approved as part of Year One projects in 2007 CPIP.

LEASES APPROVED BY STAFF
March 2008

Date Approved	Lease #	Institution	Project Name	Purpose/Additional Info	Rates	Term
3/25/2008	New	Northeastern TC	Academic Building on Bennettville Campus	4,769 SF facility with library and classrooms for purpose of providing credit- and non-credit instruction & workforce training	Annual Rate - \$29,640; Monthly Rate - \$2,470; Cost per SF \$6.22	7/1/08-6/30/2033 (Two automatic 10-yr renewals)