

October 1, 2021

VIA EMAIL

The Honorable Chris Wooten, Subcommittee Chair
Legislative Oversight Committee
South Carolina House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211
HCommLegOv@schouse.gov

Re: Savings from Facility Management efforts

Dear Chairman Wooten,

Please find attached information responsive to your letter dated September 10, 2021. If you have any questions, please do not hesitate to contact me.

Sincerely,



Ashlie Lancaster

Attachments



From July 1, 2018 through September 24, 2021, the Department of Administration (Admin) worked with agencies to implement space standards for a target density of no more than 210 rentable square feet per person. As a result of those efforts, the following state agencies were able to cumulatively save in excess of 3.2M:

| AGENCY | LOCATION | LEASE START | TERM-YRS | OLD SF | NEW SF | DIFF SF | RENT SAVINGS OVER TERM |
|-----------------------------------|--|-------------|----------|--------|--------|---------|------------------------|
| DEPARTMENT OF MOTOR VEHICLES | 1005 HWY 52, MONCK'S CORNER | 5/1/2021 | 10 | 4,800 | 4,480 | 320 | \$70,380.80 |
| DEPARTMENT OF CHILDREN S ADVOCACY | 4925 LACROSS RD, STE 112, N CHARLESTON | 5/1/2021 | 5 | 5,490 | 3,156 | 2,334 | \$223,060.38 |
| COMMISSION ON HIGHER EDUCATION | 1122 LADY ST, COLUMBIA | 12/1/2020 | 10 | 23,461 | 12,906 | 10,555 | \$2,104,403.13 |
| STATE ACCIDENT FUND | 113 REED AVE, LEXINGTON | 11/19/2019 | 10 | 21,871 | 20,500 | 1,371 | \$251,4468.82 |
| DEPARTMENT OF REVENUE | 33 VILLA ROAD, GREENVILLE | 8/13/2018 | 10 | 14,670 | 11,400 | 3,270 | \$564,075.00 |

The sale of 2221 Devine Street in Columbia resulted in the following savings/costs for the occupying agencies and the State.

Department of Probation, Parole and Pardon Services

At its previous location at 2221 Devine Street, the Department of Probation, Parole and Pardon Services (DPPPS) would have paid \$11.29/SF for 65,279 SF for a total of \$736,999.91 annually.

Rent - 2221 Devine St.

| | | | | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
| \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$736,999.91 | \$7,369,999.10 |

293 Greystone Boulevard included 56,192 SF at a rate of \$10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The reduction in square footage is a result of conformance with the state space standards with a density of 199 SF/person, as well as moving DPPPS' information technology functions to the state Data Center. With the 2% cap on operating expense escalations, the maximum DPPPS pays in rent each year is as follows:

Rent - 293 Greystone Blvd..

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | \$615,302.00 | \$625,763.00 | \$636,401.00 | \$647,219.00 | \$658,222.00 | \$669,412.00 | \$680,792.00 | \$692,365.00 | \$704,135.00 | \$707,966.00 | \$6,637,577.00 |

At the new location, DPPPS is saving a minimum of \$732,422.10 in rent over the 10-year term.

Electricity costs are estimated at \$1.25/SF for the first year with 2% increases annually thereafter, or approximately \$769,000 over the 10-year term. DPPPS paid approximately \$51,000 annually in excess energy and billable work orders at 2221 Devine Street, or approximately \$612,000 with estimated escalations over 10 years. As such, overall DPPPS is saving a minimum of approximately \$575,622 over 10 years at the new location.

Regardless of the cost savings, SCDPPS needed to move to a different location to support their mission. The space at 2221 Devine Street was functionally obsolete and did not meet the needs of DPPPS and its customers. For example, the space could not provide the physical security enhancements necessary to ensure the segregation and safety of victims and their families as well as offender families at Parole and Pardon Board meetings as required by the SC Victims' Bill of Rights.

Department of Consumer Affairs

At its previous location at 2221 Devine Street, the Department of Consumer Affairs (DCA) would have paid \$168,570.99 (\$11.29/SF for office space) and \$1,445 (\$3.40/SF for warehouse space) for a total of \$170,015.99 annually in rent for 15,356 SF.

Rent - 2221 Devine St.

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$170,015.99 | \$1,700,159.90 |

293 Greystone Boulevard included 15,783 SF at a rate of \$10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The slight increase in total square footage for DCA from the current to the new location is a result of additional staff; however, they remain in conformance with the state space standards with a density of 210 SF/person. With the 2% cap on operating expense escalations, the maximum DCA would pay in rent each year is as follows:

Rent - 293 Greystone Blvd..

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | \$172,824.00 | \$175,762.00 | \$178,750.00 | \$181,789.00 | \$184,879.00 | \$188,022.00 | \$191,218.00 | \$194,469.00 | \$197,775.00 | \$198,827.00 | \$1,864,315.00 |

At the new location, DCA will pay an increase in rent of \$164,155.10 over the 10-year term. This increase is primarily due to increased square footage needs for additional staff and common use areas that could not be accommodated at the prior location.

Electricity costs are estimated at \$1.25/SF for the first year with 2% increases annually thereafter, or approximately \$216,000 over the 10-year term. DCA paid approximately \$6,000 in excess energy and billable work orders at 2221 Devine, or approximately \$72,000 with estimated escalations over the next 10 years. As such, it is estimated that overall DCA will pay a maximum potential increase of approximately \$308,000 over 10 years at the new location.

Commission for Minority Affairs

At its previous location at 2221 Devine Street, the Commission for Minority Affairs (CMA) would have paid \$11.29/SF for 4,348 SF for a total of \$49,088.92 annually.

Rent - 2221 Devine St.

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$49,088.92 | \$490,889.20 |

The selected location includes 3,885 SF at a rate of \$10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The slight reduction in square footage is a result of conformance with the state space standards with a density of 182 SF/person. With the 2% cap on operating expense escalations, the maximum CMA would pay in rent each year is as follows:

Rent - 293 Greystone Blvd..

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | \$42,541.00 | \$43,264.00 | \$43,999.00 | \$44,747.00 | \$45,508.00 | \$46,282.00 | \$47,069.00 | \$47,869.00 | \$48,682.00 | \$48,960.00 | \$458,921.00 |

At the new location, CMA will save \$31,968.20 in rent over the 10-year term.

Electricity costs are estimated at \$1.25/SF for the first year with 2% increases annually thereafter, or approximately \$53,000 over the 10-year term. CMA paid approximately \$2,000 in excess energy and billable work orders at 2221 Devine annually, or approximately \$24,000 with estimated escalations over the next 10 years. As such, it is estimated that overall CMA will save a minimum of approximately \$2,800 over 10 years at the new location.

Additionally, from the sale of 2221 Devine Street, the State was able to avoid overall cost of occupancy expenses in excess of \$7.8M in annual M&O, deferred maintenance and recapitalization costs, not including savings from the significant renovations that would have been needed to make the space functional for the tenants.