

**Capital Improvements
Joint Bond Review Committee**

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JOINT BOND REVIEW COMMITTEE MEETING

DATE: Tuesday, August 7, 2018
TIME: 10:30 a.m.
LOCATION: Room 105, Gressette Building

AGENDA

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JOINT BOND REVIEW COMMITTEE
Meeting of August 7, 2018

Item Number 1

AGENCY: Office of the Adjutant General

PROJECT/SUBJECT: JBRC Policy Regarding Requests to Change Source of Funds

Background: Prior to December 2015, JBRC policy allowed requests for changes in source of funding for permanent improvement projects to be reviewed and approved by the Capital Budget Office (of BCB or DOA). However, in December 2015, JBRC amended the policy regarding requests for changes in source of funding to the following:

<u>Threshold</u>	<u>Review/Approval</u>
<u>For Higher Education:</u>	
Less than \$100,000	Capital Budget Office
\$100,000-\$499,999	JBRC staff
\$500,000 or more	Full JBRC
Any request that results in an increase in student tuition or fees requires review of the Full JBRC.	
<u>For State Agencies:</u>	
Less than \$100,000	Capital Budget Office
\$100,000-\$249,999	JBRC staff
\$250,000 or more	Full JBRC

Request: The Office of the Adjutant General (OTAG) has requested an exemption from the policy when federal funds become available to replace state funding on an existing, approved project.

The OTAG has reported that end-of-year federal funds from the National Guard Bureau (that can be used for construction or renovations) are generally offered in July through September; however, the funds must be executed prior to September 30 (end of federal fiscal year). In order to take advantage of the federal funding, the OTAG must quickly realign funding sources for projects--a process that can take 2 to 3 months under the current permanent improvement process.

The OTAG has reported that they were not able to accept \$5 million in federal funding which was offered in September 2017 due to the short notice and the time constraints of the existing process.

Recommendation: Amend the JBRC policy to allow JBRC staff to review/approve requests for source of funding changes for an existing, approved project of \$500,000 or more for higher education institutions and \$250,000 or more for other state agencies when all of the following criteria are met:

- (a) State funding previously approved by JBRC would be replaced with federal or other funds that have become available since the project was approved by JBRC,
- (b) There is no change in project scope,
- (c) There is no change in the total funding for the project,
- (d) The project does not include any tuition or fees collected by a higher education institution, and
- (e) The request has been electronically distributed to JBRC members for comment, and no objections are received within three days of distribution.

The policy revision would apply to all state agencies and higher education institutions--not just the OTAG. JBRC staff would retain the ability to refer any proposed change in source of funds to the full JBRC as circumstances dictate.

COMMITTEE ACTION:

Review and approve revision to JBRC policy related to review of source of funds change requests.

ATTACHMENTS:

June 20, 2018, letter from Major General Robert E. Livingston, Jr., The Adjutant General

The State of South Carolina
Military Department



OFFICE OF THE ADJUTANT GENERAL

1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4752

ROBERT E. LIVINGSTON, JR.
MAJOR GENERAL
THE ADJUTANT GENERAL

June 20, 2018

The Honorable Hugh K. Leatherman, Sr.
Chairman, Joint Bond Review Committee
ATTN: Ms. Dianne Carraway
111 Gressette Building
Columbia, SC 29201

Dear Chairman Leatherman:

The Office of the Adjutant General requests either an exception to the A-1 process or an abbreviated A-1 process that would allow the Agency to quickly realign funding streams (sources of funds) on existing, approved construction projects when (a) the Agency is offered the opportunity to replace State funds with Federal funds (up to the allowable percentage) on approved construction projects, and (b) there is not an increase in cost (either State or Federal) to the project.

The Office of the Adjutant General conducts the review, approval and execution of its construction projects in accordance with State policies and procedures to include the A-1 process. The Agency does this for all construction and renovations to include those funded with 100% Federal dollars. For non-major construction projects (i.e., renovation projects), the A-1s are currently being processed at 100% State funded because the Agency is not scheduled to receive Federal monies to fund the projects.

The Agency has the potential to receive end-of-year Federal monies (one-year monies) from the National Guard Bureau for construction (can be used for renovations). These monies are generally offered in the July through September timeframe with most being offered at the end of August through September. These Federal funds must be executed prior to the end of the Federal Fiscal Year (30 Sep), and cannot be carried forward. For renovation projects, the Agency could utilize these Federal monies to fund up to 50% of each project.

In order to take advantage of the Federal monies for projects already approved through the A-1 process, the Agency would have to quickly realign the funding streams (sources of funds). This would allow the Agency to move the State monies, which can

be carried forward, to other currently unfunded projects. However, based on the current A-1 process, in order to realign funding streams the Agency has to go through the entire A-1 process which normally requires 2-3 months. The time required for the process would prevent or greatly hinder the Agency's ability to utilize these end-of-year Federal monies.

Of note, during the last Federal Fiscal Year the Agency was offered up to \$5M in September in Federal, end-of-year construction monies but was not able to accept them due to the short notice and the time constraints.

Please contact me or the Agency Point of Contact if you have any questions. The Point of Contact for the Agency is Mr. Ken Braddock, Chief of Staff for State Operations, at (803) 299-4445 or braddockk@tag.scmd.state.sc.us.

I am forwarding a copy of this letter to Vice Chairman W. Brian White, Joint Bond Review Committee, and Ms. Erlinda Doherty, Senate Finance Committee Budget Analyst.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Livingston, Jr.", with a stylized flourish at the end.

ROBERT E. LIVINGSTON, JR
Major General, SCARNG
The Adjutant General

cc:
Vice Chairman, Joint Bond Review Committee
Senate Finance Committee Budget Analyst

JOINT BOND REVIEW COMMITTEE
Meeting of August 7, 2018

Item Number 2

AGENCY: Department of Administration, Facilities Management and Property Services

PROJECT/SUBJECT: Department of Health and Human Services Proposed Lease, 300 Arbor Lake Drive, Columbia

The Department of Health and Human Services is requesting approval to lease 27,500 square feet of space at 300 Arbor Lake Drive in Columbia from DRV Fontaine, LLC. The agency currently leases 10,424 square feet at 1628 Browning Road, which houses 85 employees as well as training and conference space. The existing lease expires February 5, 2019. Additional space is required to implement the new Medicaid Eligibility Determination System that will require a significant increase in eligibility application processors and staff retraining. The new space will house 330 employees as well as training and conference space.

A solicitation was conducted, and seven responses were received. Five responses were eliminated due to insufficient square footage, security concerns, space configuration, or long-term construction at the site. Of the two remaining proposals, the selected location was the lowest bid.

The term of the proposed lease is ten years beginning February 6, 2019, at a rate of \$15.50 per square foot for the first year with increases of two percent annually, for a total payout of \$4,667,300. The rate includes all maintenance and operating expenses as well as sufficient parking. The Landlord will upfit the space to the agency's specifications.

The Department of Administration's Facilities Management and Property Services reports that the agency has sufficient funds for the lease and that comparable rates for similar space in the area range from \$15.75 to \$18.00 per square foot.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease agreement for the Department of Health and Human Services.

ATTACHMENTS:

- 1) Department of Administration, Facilities Management and Property Services Summary dated August 7, 2018
- 2) Letter from DHHS, dated July 18, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

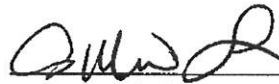
JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: August 7, 2018

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:



Ashlie Lancaster, Director

Facilities Management and Property Services

2. Subject: SC Department of Health and Human Services Lease- 300 Arbor Lake Drive in Columbia

3. Summary Background Information:

The SC Department of Health and Human Services (SCDHHS) is requesting approval to lease 27,500 SF of space located at 300 Arbor Lake Drive in Columbia from DRV Fontaine, LLC. The agency currently leases 10,424 SF at 1628 Browning Road, where it houses approximately 85 employees as well as training and conference room space. That lease expires February 5, 2019.

SCDHHS is in the process of implementing a new Medicaid Eligibility Determination System that will require a significant increase in eligibility application processors and staff retraining. To provide the statewide infrastructure to accommodate this increase, SCDHHS is creating regional processing sites. As such, a solicitation was conducted for approximately 26,000 SF in the Columbia area to house approximately 330 employees along with training and meeting space.

Seven (7) proposals were received in response to the solicitation. One (1) location was eliminated due to long-term planned future construction at the site, one (1) based on insufficient square footage, one (1) due to security concerns and two (2) based on space configuration. Of the remaining two (2) proposals, the selected location represents the lowest bid. The term will be for ten (10) years beginning on February 6, 2019 at a rate of \$15.50/SF for the first year. Thereafter, the rent increases by two (2) percent annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 426,250	\$ 15.50
YEAR 2	\$ 434,775	\$ 15.81
YEAR 3	\$ 443,575	\$ 16.13
YEAR 4	\$ 452,375	\$ 16.45
YEAR 5	\$ 461,450	\$ 16.78
YEAR 6	\$ 470,525	\$ 17.11
YEAR 7	\$ 480,150	\$ 17.46
YEAR 8	\$ 489,500	\$ 17.80
YEAR 9	\$ 499,400	\$ 18.16

YEAR 10	\$ 509,300	\$ 18.52
TOTAL	\$4,667,300	

The rent includes all maintenance and operations costs as well as full access and free use of the surrounding parking lot which has adequate parking for staff and visitors. The Landlord will up fit the space to the agency's specifications. The lease meets the state space standards with a density of 78 SF/person.

The following chart represents comparable lease rates of similar space in the Columbia area:

Tenant	Location	Rate
Vacant	1813 Main Street	\$18.00/SF*
Vacant	1410 Colonial Village	\$15.75/SF*
Adjutant General	810 Dutch Square Blvd.	\$17.43/SF

*Above rates are subject to base rent and operating expense escalations over the term.

The agency has sufficient funds for the lease according to the Budget Approval Form.

4. **What is JBRC asked to do?** Approve the proposed lease for the Department of Health and Human Services at 300 Arbor Lake Drive in Columbia.

5. **What is recommendation of the Department of Administration?** Approve the proposed lease for the Department of Health and Human Services at 300 Arbor Lake Drive in Columbia.

6. **List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- SCDHHS Letter Dated July 18, 2018

Henry McMaster GOVERNOR
Joshua D. Baker DIRECTOR
P.O. Box 8206 Columbia, SC 29202
www.scdhhs.gov

July 18, 2018

Ms. Ashlie Lancaster
South Carolina Department of Administration
Real Property Services
1200 Senate Street, Suite 460
Columbia, South Carolina 29201

RE: Lease for 300 Arbor Lake, Columbia

Dear Ms. Lancaster:

The South Carolina Department of Health and Human Services (SCDHHS) is the single state agency in South Carolina responsible for the administration of the Medicaid Program under Title XIX of the Social Security Act and makes final decisions and determinations about eligibility for individuals' applying for Medicaid services. SCDHHS receives approximately 1,200 Medicaid applications per day. In addition to processing applications, SCDHHS' Medicaid eligibility staff must maintain and annually review all beneficiary information.

SCDHHS is also in the next phase of the complex Medicaid Eligibility Determination System replacement that will impact both work volume and productivity and require a significant increase in staff to maintain state and federal timeliness and accuracy standards for processing and reviewing Medicaid applications. Further, this system implementation will require statewide staff retraining and rigorous quality assurance during system transition. To provide the statewide infrastructure necessary to house additional eligibility application processors, training, and support staff in a manner that affords the state both flexibility and timeliness, SCDHHS has opted to procure several regional processing sites, the first and largest of which is to be located at 300 Arbor Lake in Columbia, SC.

Therefore, SCDHHS requests approval by the Joint Bond Review Committee of a 10-year lease with DRV Fontaine, LLC, for approximately 26,000 square feet of office space located at 300 Arbor Lake Drive in Columbia. This location will be the Medicaid application processing center for the Midlands region to house approximately 330 employees and provide training and conference room space. SCDHHS' current Midlands application processing center is in leased space at 1628 Browning Road in Columbia and houses approximately 85 employees, plus training and conference room space. However, this lease will expire on December 7, 2018 and is not sufficient space to house the significantly increased staff SCDHHS will hire to process Medicaid applications for the Midlands region. The current leased space is 10,424 square feet.

Ms. Ashlie Lancaster
July 18, 2018
Page Two

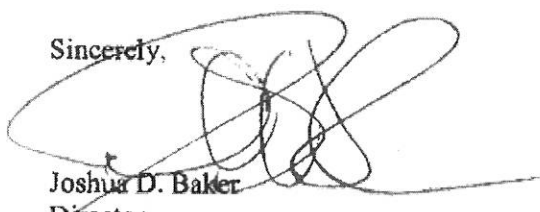
The new space requested will replace the Browning Road lease and meet SCDHHS' space needs for housing its' additional staff and future growth. This space will also allow SCDHHS to eliminate other leased space as those leases expire, particularly at 7499 Parklane Drive, and move staff to the 300 Arbor Lake Drive location.

We received seven proposals in response to our solicitation and conducted site visits to five of the locations. After evaluations, we concluded the 300 Arbor Lake Drive property best meets our needs. We considered the following in our decision-making: security, cost, parking availability, and proximity to other SCDHHS office locations (SCDHHS is currently leasing space at 200 Arbor Lake Drive and 400 Arbor Lake Drive).

We request the maximum lease of 10 years to provide consistent location for staff and minimize relocation costs.

Thank you for your consideration of our request and let us know if you need any additional information.

Sincerely,



Joshua D. Baker
Director

c: Caroline Hulett

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

JOINT BOND REVIEW COMMITTEE**Item Number 3**Meeting of August 7, 2018

AGENCY: Department of Administration, Facilities Management and Property Services

PROJECT/SUBJECT: Department of Health and Human Services Proposed Lease, 101 North Pine Street, Spartanburg

The Department of Health and Human Services is requesting approval to lease 19,667 square feet of space at 101 North Pine Street in Spartanburg from Johnson Development Associates, Inc. The space is needed to implement the new Medicaid Eligibility Determination System that will require a significant increase in eligibility application processors and staff retraining. The new space will house 180 employees as well as training and conference space.

A solicitation was conducted, and four responses were received. The selected location was the lowest bid.

The term of the proposed lease is ten years beginning upon completion of renovations by the Landlord, at a rate of \$12.50 per square foot for the first two years with increases of two to three percent annually, for a total payout of \$2,712,079. The rate includes all maintenance and operating expenses as well as sufficient parking. The Landlord will upfit the space to the agency's specifications.

The Department of Administration's Facilities Management and Property Services reports that the agency has sufficient funds for the lease and that comparable rates for similar space in the area range from \$13.75 to \$27.00 per square foot.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease agreement for the Department of Health and Human Services.

ATTACHMENTS:

- 1) Department of Administration, Facilities Management and Property Services Summary dated August 7, 2018
- 2) Letter from DHHS, dated July 19, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: August 7, 2018

Regular Agenda

1. Submitted by:

(a) Agency: Department of Administration

(b) Authorized Official Signature:

Ashlie Lancaster, Director
Facilities Management and Property Services

2. Subject: SC Department of Health and Human Services Lease- 101 North Pine Street in Spartanburg

3. Summary Background Information:

The SC Department of Health and Human Services (SCDHHS) is requesting approval to lease 19,667 SF of space located at 101 North Pine Street in Spartanburg from Johnson Development Associates, Inc.

SCDHHS is in the process of implementing a new Medicaid Eligibility Determination System that will require a significant increase in eligibility application processors and staff retraining. To provide the statewide infrastructure to accommodate this increase, SCDHHS is creating regional processing sites. As such, a solicitation was conducted for approximately 19,450 SF in the Spartanburg area to create a new regional processing center to house approximately 180 employees along with training and meeting space.

Four (4) proposals were received in response to the solicitation, and the selected location represents the lowest bid. The term will be for ten (10) years beginning upon completion of the renovations by the Landlord at a rate of \$12.50/SF for the first year. Thereafter, the rent increases annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 245,837.50	\$ 12.50
YEAR 2	\$ 245,837.50	\$ 12.50
YEAR 3	\$ 251,737.60	\$ 12.80
YEAR 4	\$ 257,637.70	\$ 13.10
YEAR 5	\$ 265,504.50	\$ 13.50
YEAR 6	\$ 273,371.30	\$ 13.90
YEAR 7	\$ 281,238.10	\$ 14.30
YEAR 8	\$ 289,104.90	\$ 14.70
YEAR 9	\$ 296,971.70	\$ 15.10
YEAR 10	\$ 304,838.50	\$ 15.50
TOTAL	\$2,712,079.30	

The rent includes all maintenance and operations costs as well as full access and free use of the surrounding parking lot which has adequate space for staff and visitors. The Landlord will up fit the space to the agency's specifications. The lease meets the state space standards with a density of 102 SF/person.

The following chart represents comparable lease rates of similar space in the Spartanburg area:

Tenant	Location	Rate
Vacant	1000 N. Pine Street	\$13.75/SF*
Vacant	1650 Skylyn Drive	\$27.00/SF*
Vacant	141 Fernwood Drive	\$14.00/SF*

*Above rates are subject to base rent and operating expense escalations over the term.

The agency has sufficient funds for the lease according to the Budget Approval Form.

4. What is JBRC asked to do? Approve the proposed lease for the Department of Health and Human Services at 101 North Pine Street in Spartanburg.

5. What is recommendation of the Department of Administration? Approve the proposed lease for the Department of Health and Human Services at 101 North Pine Street in Spartanburg.

6. List of Supporting Documents:

- SC Code of Laws Section 1-11-55 and 1-11-56
- SCDHHS Letter Dated July 19, 2018

July 19, 2018

Ms. Ashlie Lancaster
South Carolina Department of Administration
Real Property Services
1200 Senate Street, Suite 460
Columbia, South Carolina 29201

RE: Lease for 101 North Pine Street, Spartanburg

Dear Ms. Lancaster:

The South Carolina Department of Health and Human Services (SCDHHS) is the single state agency in South Carolina responsible for the administration of the Medicaid Program under Title XIX of the Social Security Act and makes final decisions and determinations about eligibility for individuals' applying for Medicaid services. SCDHHS receives approximately 1,200 Medicaid applications per day. In addition to processing applications, SCDHHS' Medicaid eligibility staff must maintain and annually review all beneficiary information.

SCDHHS is also in the next phase of the complex Medicaid Eligibility Determination System replacement that will impact both work volume and productivity and require a significant increase in staff to maintain state and federal timeliness and accuracy standards for processing and reviewing Medicaid applications. Further, this system implementation will require statewide staff retraining and rigorous quality assurance during system transition. To provide the statewide infrastructure necessary to house additional eligibility application processors, training, and support staff in a manner that affords the state both flexibility and timeliness, SCDHHS has opted to procure several regional processing sites, the first and largest of which is to be located at 300 Arbor Lake Drive in Columbia, SC. This second regional processing center will be located in the Upstate.

Therefore, SCDHHS requests approval by the Joint Bond Review Committee of a 10-year lease with Johnson Development Associates, Inc. for 19,667 square feet of office space located at 101 North Pine Street in Spartanburg. This location will be the Medicaid application processing center for the Upstate region to house approximately 180 employees and provide training and conference room space. This will be a new application processing center for this region as SCDHHS currently does not have an application processing center in the Upstate. The new space requested meets SCDHHS' space needs for housing its' additional staff and future growth. This space will also allow SCDHHS to eliminate other leased space in the Upstate area, particularly

Ms. Lancaster
July 19, 2018
Page Two

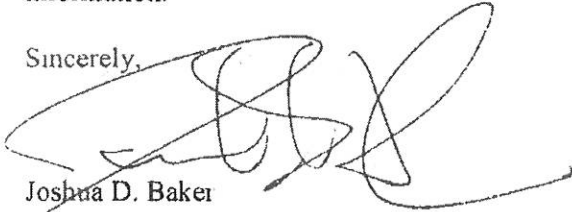
the leased space at 945 East Main Street, Suite 3, in Spartanburg, and move this staff to the 101 North Pine Street location.

We received two proposals in response to our solicitation and conducted site visits of both locations. After evaluations, we concluded the 101 North Pine Street property best meets our needs. We considered the following in our decision-making: security, new HVAC, minimal up fit needed, and cost.

We request the maximum lease of 10 years to provide consistent location for staff and minimize relocation costs.

Thank you for your consideration of our request and let us know if you need any additional information.

Sincerely,



Joshua D. Baker
Director

c: Caroline Hulett

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

JOINT BOND REVIEW COMMITTEE**Item Number 4**Meeting of August 7, 2018

AGENCY: Department of Administration, Facilities Management and Property Services

PROJECT/SUBJECT: Department of Revenue Proposed Lease, 2070 Northbrook Boulevard, North Charleston

The Department of Revenue is requesting approval to lease 11,336 square feet of space at 2070 Northbrook Boulevard, in North Charleston from Northbrook, LTD. The agency currently leases 10,791 square feet at 2 South Park Circle. The existing lease expires December 31, 2018. The additional space is needed to implement DOR's new security protocols for an on-site security officer, cameras, metal detectors, and screening equipment in the lobby of each location.

A solicitation was conducted, and ten responses were received. Five responses were eliminated due to insufficient square footage and location. Of the five remaining proposals, the selected location was the lowest bid.

The term of the proposed lease is ten years beginning January 1, 2019, at a rate of \$20.36 per square foot for the entire term, which includes an allocation of \$2.40 per square foot for maintenance and operating expenses. At the conclusion of the second year, DOR will be responsible for its pro rata share of any operating expenses that exceed the allocation, subject to a three percent cap. The maximum payout over the ten-year term for rent and operating expenses is \$2,347,482. The lease includes sufficient parking for employees and visitors. The Landlord will upfit the space to the agency's specifications and will reimburse DOR up to \$50,000 for moving expenses.

Lease payments will be paid from state appropriated funds. The Department of Administration's Facilities Management and Property Services reports that comparable lease rates for similar space to range from \$24.00 to \$29.75 per square foot.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease agreement for the Department of Revenue.

ATTACHMENTS:

- 1) Department of Administration, Facilities Management and Property Services Summary dated August 7, 2018
- 2) Letter from DOR, dated July 9, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: August 7, 2018

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:



Ashlie Lancaster, Director
Facilities Management and Property Services

2. Subject: SC Department of Revenue Lease- 2070 Northbrook Boulevard in North Charleston

3. Summary Background Information:

The SC Department of Revenue (DOR) is requesting approval to lease 11,336 SF of space located at 2070 Northbrook Boulevard in North Charleston from Northbrook, LTD, a Florida Limited Partnership. The agency currently leases 10,791 SF at 2 South Park Circle. That lease expires December 31, 2018.

A solicitation was conducted and ten (10) proposals were received. Three (3) proposals were deemed non-responsive to the solicitation based on location and two (2) based on insufficient square footage. Of the remaining five (5) proposals, the selected location represents the lowest bid and will accommodate new DOR security protocols for an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors. The term will be for ten (10) years beginning on January 1, 2019 at a rate of \$20.36/SF for a total of \$230,800.92 annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 2	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 3	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 4	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 5	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 6	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 7	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 8	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 9	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 10	\$ 230,800.92	\$ 19,223.41	\$ 20.36
TOTAL	\$2,308,009.20		

The rent includes an allocation of \$2.40/SF for maintenance and operations costs. At the conclusion of the second year of the term, DOR will be responsible for its pro rata share of any operating costs exceeding the allocation subject to a three (3) percent cap annually. As such, the maximum payable by DOR over the term for rent and maintenance and operations costs is \$2,347,482. The lease includes full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord will up fit the space to the agency's specifications and will reimburse DOR up to \$50,000 for moving costs. The lease meets the state space standards with a density of 130 SF/person.

The following chart represents comparable lease rates of similar space in the North Charleston area:

Tenant	Location	Rate
Vacant	4400 Leeds Avenue	\$29.75/SF
Vacant	5895 Core Road	\$24.50/SF
Vacant	4390 Belle Oaks	\$24.00/SF

Above rates are subject to base rent and operating expense escalations over the term.

The agency has sufficient funds for the lease according to the Budget Approval Form.

4. What is JBRC asked to do? Approve the proposed lease for the Department of Revenue at 2070 Northbrook Boulevard in North Charleston.

5. What is recommendation of the Department of Administration? Approve the proposed lease for the Department of Revenue at 2070 Northbrook Boulevard in North Charleston.

6. List of Supporting Documents:

- SC Code of Laws Section 1-11-55 and 1-11-56
- DOR Letter Dated July 9, 2018

State of South Carolina
Department of Revenue



HENRY D. MCMASTER
Governor

W. HARTLEY POWELL
Director

300A OUTLET POINTE BOULEVARD
POST OFFICE BOX 125
COLUMBIA, SOUTH CAROLINA 29214
Telephone: (803) 898-5040
Facsimile: (803) 896-0023
Director@dor.sc.gov

July 9, 2018

Ms. Ashlie Lancaster
South Carolina Department of Administration
Real Property Services
1200 Senate Street, Suite 460
Columbia, SC 292201

RE: Lease for 2070 Northbrook Boulevard, North Charleston

Dear Ms. Lancaster:

The South Carolina Department of Revenue requests approval by the Joint Bond Review committee of a 10-year lease with Northbrook LTD, a Florida Limited Partnership for approximately 11,400 square feet of office space at 2070 Northbrook Boulevard, North Charleston, SC. This space is required as our current lease at 2 South Park Circle expires on December 1, 2018. The current office design prohibits the required level of security mandated for all DOR locations; therefore, we considered other properties that best meet our requirements.

DOR's security program requires an on-site security officer in each office lobby, security cameras, metal detectors, and other security equipment to screen all visitors of DOR and ensure that taxpayers and DOR employees are protected and safe. In addition, DOR protects highly sensitive State and Federal Taxpayer Information with a sophisticated badge access and camera surveillance system, and an intruder detection system to achieve maximum-security protection and cyber-attack prevention.

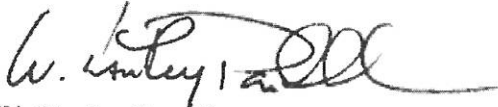
We received ten proposals in response to our solicitation and conducted site visits to six locations. After evaluations, we concluded the 2070 Northbrook Boulevard property best meets our requirements. We considered the following in our decision-making: security, cost, proximity to the interstate, interior office design, and building accessibility for the taxpayers.

Ms. Lancaster
July 9, 2018
Page Two

We request the maximum lease of 10-years to build and maintain a secure site to protect taxpayers, employees, and sensitive taxpayer information from intruders and fraudsters. Moving the DOR highly sophisticated security systems is a significant cost. A longer lease provides a consistent location for taxpayers and minimizes office re-location costs.

Thank you for your assistance in this process and for your consideration of our request.

Yours very truly,

A handwritten signature in dark ink, appearing to read "W. Hartley Powell", followed by a long, horizontal, wavy line that extends to the right.

W. Hartley Powell
Director

SECTION 1-11-55. Leasing of real property for governmental bodies.

- (1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.
- (2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.
- (3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.
- (4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.
- (5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

AGENCY: Department of Administration, Facilities Management and Property Services

PROJECT/SUBJECT: Department of Motor Vehicles Proposed Lease, 946 Orleans Road, Charleston

The Department of Motor Vehicles is requesting approval to lease 5,040 square feet of space at 946 Orleans Road in Charleston from Continental Realty Corporation. The agency currently leases 3,000 square feet at 1757 Ashley River Road. The existing lease expired on June 30, and the Landlord has indicated that they can no longer accommodate DMV as a tenant. The additional space is needed to serve the significant growth of customers in the Charleston area.

Two solicitations were conducted, and four responses were received. One response was eliminated due to location. Of the three remaining proposals, the selected location was the lowest bid.

The term of the proposed lease is ten years beginning upon completion of renovations by the Landlord (estimated to be four months after execution of lease agreement) at a rate of \$28.00 per square foot for the first year; thereafter, the rate will increase annually by three percent, for a total payout of \$1,617,783. The rent includes sufficient parking and all maintenance and operating costs except utilities which are estimated to be \$6,300 annually.

Lease payments will be paid from state appropriated funds. The Department of Administration's Facilities Management and Property Services reports that comparable lease rates for similar space to range from \$21.50 to \$35.00 per square foot.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease agreement for the Department of Motor Vehicles.

ATTACHMENTS:

- 1) Department of Administration, Facilities Management and Property Services Summary dated August 7, 2018
- 2) Letter from DMV, dated June 25, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: August 7, 2018

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:



Ashlie Lancaster, Director
Facilities Management and Property Services

2. Subject: SC Department of Motor Vehicles Lease- 946 Orleans Road in Charleston

3. Summary Background Information:

The SC Department of Motor Vehicles (DMV) is requesting approval to lease 5,040 SF of space located at 946 Orleans Road in Charleston from Continental Realty Corporation. The agency currently leases 3,000 SF at 1757 Ashley River Road. That lease expired on June 30, 2018 and the landlord has indicated they can no longer accommodate the DMV as a tenant. The additional space at the new location is necessary to serve the significant growth of customers in the Charleston area.

Two solicitations were conducted and four (4) proposals were received. Two additional locations were also identified and reviewed but the Landlords at those locations were unwilling to submit a proposal. One (1) proposal was eliminated based on location. Of the remaining three (3) proposals, the selected location represents the lowest bid. The term will be for ten (10) years beginning upon completion of the renovations by the Landlord at a rate of \$28.00/SF for the first year. Thereafter, the rent increases by three (3) percent annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 141,120	\$ 11,760	\$ 28.00
YEAR 2	\$ 145,354	\$ 12,113	\$ 28.84
YEAR 3	\$ 149,714	\$ 12,476	\$ 29.71
YEAR 4	\$ 154,206	\$ 12,850	\$ 30.60
YEAR 5	\$ 158,832	\$ 13,236	\$ 31.51
YEAR 6	\$ 163,597	\$ 13,633	\$ 32.46
YEAR 7	\$ 168,505	\$ 14,042	\$ 33.43
YEAR 8	\$ 173,560	\$ 14,463	\$ 34.44
YEAR 9	\$ 178,767	\$ 14,897	\$ 35.47
YEAR 10	\$ 184,130	\$ 15,344	\$ 36.53
TOTAL	\$1,617,783		

The rent includes all maintenance and operations costs with the exception of utilities which are estimated to be \$6,300 annually. The lease includes full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord will up fit the space to the agency's specifications. The lease meets the state space standards with a density of 119 SF/person.

The following chart represents comparable lease rates of similar space in the Charleston area:

Tenant	Location	Rate
Vacant	176 Croghan Spur Road	\$35.00/SF
Vacant	1014 St. Andrews Blvd.	\$27.00/SF
Vacant	2000 Sam Rittenberg Blvd.	\$21.50/SF

Above rates are subject to base rent and operating expense escalations over the term and do not include tenant upfit costs.

The agency has sufficient funds for the lease according to the Budget Approval Form.

4. What is JBRC asked to do? Approve the proposed lease for the Department of Motor Vehicles at 946 Orleans Road in Charleston.

5. What is recommendation of the Department of Administration? Approve the proposed lease for the Department of Motor Vehicles at 946 Orleans Road in Charleston.

6. List of Supporting Documents:

- SC Code of Laws Section 1-11-55 and 1-11-56
- DMV Letter Dated July 25, 2018

Henry McMaster
Governor



Kevin A. Shwedo
Executive Director

State of South Carolina
Department of Motor Vehicles

June 25, 2018

Ms. Ashlie Lancaster
South Carolina Department of Administration
Real Property Services
1200 Senate Street, Suite 460
Columbia, SC 29201

RE: Lease for West Ashley Shoppes, 946 Orleans Road

Dear Ms. Lancaster:

The South Carolina Department of Motor Vehicles (DMV) requests approval by the Joint Bond Review Committee to enter into a 10-year lease with Continental Realty Corporation for approximately 5,040 square feet of space at West Ashley Shoppes, 946 Orleans Road, Charleston, South Carolina 29407. New space is required as the property owner did not renew DMV's current lease located at 1119 Wappoo Road in Charleston (our Ashley Oaks location).

DMV, in conjunction with the SC Department of Administration, reviewed an estimated six locations in response to our multiple solicitations and conducted site visits to each location. After evaluations, DMV concluded that the West Ashley Shoppes property best meets the Agency's requirements. We considered building accessibility for our citizens, security, office design, parking and costs in our decision-making process.

DMV requests the maximum lease period of 10 years to buildout and maintain a secure site to protect citizens, employees, and sensitive customer data. A longer lease period will provide a consistent location for constituents and minimized office relocation costs in the future, especially given that locations are becoming much more difficult to procure in the Charleston area. The cost of the lease in its entirety is \$1,617,783.00.

Thank you for your assistance and for your consideration of SCDMV's request.

Sincerely,

Kevin A. Shwedo,
SC Department of Motor Vehicles, Executive Director

SECTION 1-11-55. Leasing of real property for governmental bodies.

- (1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.
- (2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.
- (3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.
- (4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.
- (5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

JOINT BOND REVIEW COMMITTEE
Meeting of August 7, 2018

Item Number 6

AGENCY: Department of Administration, Capital Budgeting Office

PROJECT/SUBJECT: Permanent Improvement Project Requests

There are 20 Permanent Improvement projects pending as follows:

- 7 Establish Phase I, Pre-Design Budget
- 6 Establish Phase II, Construction Budget
- 1 Establish Phase II, Construction Budget & Revise Scope
- 4 Increase Phase II, Construction Budget
- 1 Change Source of Funds
- 2 Preliminary Land Acquisition

COMMITTEE ACTION:

Review and make recommendation of permanent improvement projects for transmittal to State Fiscal Accountability Authority or Department of Administration.

ATTACHMENTS:

Project Requests Worksheet - Summary 1-2019

JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Capital Budget Office

SUMMARY 1-2019

Summary of Permanent Improvement
Project Actions Proposed by Agencies
May 10, 2018 through June 29, 2018

Forwarded to JBRC 7/31/2018

Permanent Improvement Projects

Summary Background Information:

Establish Project for A&E Design

- (a) Summary 1-2019: JBRC Item 1. (H27) University of South Carolina - Columbia
Project: 6126, LeConte College Maintenance Renovation
Included in Annual CIP: Yes – 2017 CIP Priority 6 of 9 in FY18 (estimated at \$15,000,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/7/18

Ref: Supporting document pages 1-7

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Institutional Capital Project	0.00	0.00	0.00	225,000.00	225,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>225,000.00</u>	<u>225,000.00</u>

Funding Source: \$225,000 Other, Institutional Capital Project Funds, which are generated from the portion of tuition and fees designated for Bond and Renovation Reserve. These funds pay debt service first and the remainder is used for capital projects.

Request: Establish project and budget for \$225,000 (Other, Institutional Capital Project Funds) for the comprehensive building renovation of the LeConte College facility. This 77,103 square foot 66 year old building is a contributing structure to the old campus district which is on the National Historic Registry. The last comprehensive renovation was completed in 1979. Since that renovation, only limited capital project work has been done. This comprehensive building renovation will include, but not limited to, a new HVAC system with fresh air intake, partial plumbing replacement, an entirely new electrical system, upgraded restrooms for ADA accessibility, an elevator replacement and life safety improvements. Hazardous material abatement on areas affected by renovations will also be accomplished. This project responds to maintenance needs identified in a building condition assessment. This building is utilized by the Department of Mathematics and Statistics which has a population of 500 students. The building has classrooms, faculty offices, and administration space. The building serves a larger population of other undergraduate majors who take math in their curriculum. The agency estimates total project costs at \$15,000,000 with no additional annual operating costs.

- (b) Summary 1-2019: JBRC Item 2. (H29) University of South Carolina - Aiken
 Project: 9555, USC Aiken Scholars Academy Renovation
 Included in Annual CPIP: Yes – 2017 CPIP Priority 2 of 2 in FY21 (estimated at \$2,500,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/7/18

Ref: Supporting document pages 8-14

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, USC Aiken Institutional	0.00	0.00	0.00	37,500.00	37,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>37,500.00</u>

Funding Source: \$37,500 Other, USC Aiken Institutional Funds, which are received from a variety of sources including tuition and fees and sales and services activities.

Request: Establish project and budget for \$37,500 (Other, USC Aiken Institutional Funds) to repurpose the existing 40 year old single-story Supply Maintenance Building to serve an academic mission for the Aiken campus. This renovation project continues a strategic planning effort to relocate maintenance activities to the campus periphery. Specifically, the 12,520 gross square foot building, constructed in 1978, will be internally reconfigured to accommodate the Aiken Scholars Academy and provide general academic space for the campus. No other space exists on the campus to permanently accommodate the Scholars Academy. The building is expected to accommodate up to 200 students and approximately 20 faculty members will use the space. The agency estimates total project costs at \$2,500,000 with no additional annual operating costs.

- (c) Summary 1-2019: JBRC Item 3. (D10) South Carolina Law Enforcement Division
 Project: 9527, Bush River Road Space Study & Remodel
 Included in Annual CIP: Yes – 2018 CIP Priority 3 of 3 in FY19 (estimated at \$250,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

Ref: Supporting document pages 15-19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Agency Cash Balance	0.00	0.00	0.00	15,000.00	15,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>15,000.00</u>	<u>15,000.00</u>

Funding Source: \$15,000 Other, Agency Cash Balance Funds, which is revenue generated from Record Search Fees.

Request: Establish project and budget for \$15,000 (Other, Agency Cash Balance Funds) to begin Phase I to conduct a space study and look at alternative uses for approximately 1,000 square foot of space located in the first floor of a SLED facility located at 1731 Bush River Road. The first floor of this facility houses the Central Case Files, Midlands District, Alcohol Unit, Narcotics Unit and Regulatory files relating to concealed weapons permitting and security licensing. A digitization program has eliminated the physical concealed weapons and security files freeing up approximately 1,000 square foot of space. This space is needed by the rest of the units in that area and this project will analyze and reconfigure the space to best meet those needs. This facility is 47 years old, is 43,800 square feet and houses 116 agents and employees. The agency estimates total project costs at \$250,000 with no additional annual operating costs.

- (d) Summary 1-2019: JBRC Item 4. (H59) Northeastern Technical College
 Project: 6142, NETC – Cheraw Campus Renovation
 Included in Annual CIP: Yes – 2017 CIP Priority 1 of 1 in FY21 (estimated at \$4,000,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: Pending CHE Board Approval on 8/2/18

Ref: Supporting document pages 20-29

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, NETC Reserves	0.00	0.00	0.00	160,000.00	160,000.00
Other, NETC Capital Fees	0.00	0.00	0.00	25,147.29	25,147.29
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>185,147.29</u>	<u>185,147.29</u>

Funding Source: \$160,000 Other, NETC Reserves and \$25,147.29 Other, NETC Capital Fees.

Request: Establish project and budget for \$185,147.29 (Other, NETC Reserves and Other, NETC Capital Fee Funds) to fulfill critical industry training needs. NETC will relocate departments, construct a new maintenance facility, and renovate existing space for critical industry training. The maintenance department is located in Academic Building 600; A 5,000 square foot pre-engineered building would be constructed for maintenance, allowing them to relocate from Academic Building 600. Upon relocation of the maintenance department, Building 600 would be remodeled and expanded to create an industrial training center. Also, auxiliary services and the student lounge would vacate Academic Building 200, thereby, freeing up this space for industrial training. Auxiliary services would relocate to the current library space, in Academic Building 500. Renovations are required in this building to house auxiliary services and the student lounge. Renovations to Buildings 300, 400, 700 and/or 800 are also possible, if funds permit. The agency estimates total project costs at \$3,685,147.29 with additional annual operating costs of \$12,000 in years 1 thru 3.

- (e) Summary 1-2019: JBRC Item 5. (E24) Office of the Adjutant General
 Project: 9812, Statewide Readiness Center Female Latrines
 Included in Annual CIP: Yes – 2017 CIP Priority 8 of 21 in FY18 (estimated at \$900,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

Ref: Supporting document pages 30-36

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State	0.00	0.00	0.00	12,500.00	12,500.00
Federal, National Guard Bureau	0.00	0.00	0.00	37,500.00	37,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>50,000.00</u>	<u>50,000.00</u>

Funding Source: \$12,500 Appropriated State. \$37,500 Federal, National Guard Bureau, which is funding identified as part of the Construction and Facilities Management Office's Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau

Request: Establish project and budget for \$50,000 (Appropriated State & Federal, National Guard Bureau Funds) to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers include North Charleston, Walterboro, Edgefield, Mt. Pleasant, Marion, Saluda, Mullins, Batesburg, Dillon, Seneca, Conway and Rock Hill. The Phase I pre-design budget is requested at 2.23% of the estimated project cost due to the age of the armories and the level of detail needed in the mechanical, electrical, and plumbing systems for additional latrine space for the female soldiers. The scope of work includes renovating existing female latrine and constructing additional authorized space to include new utilities and fixtures, along with any required mechanical, electrical and plumbing work. When these armories were constructed the amount of female soldiers was significantly lower than it is now. Therefore, due to the rising number of female soldiers, due in part to all branches now allowing females, adequate latrine space is needed. Per NG Pam 415-12, the assigned unit(s) are authorized 2,000 square feet of latrine space. This project will allow the female soldiers to have the required number of facilities (toilets, showers, changing areas) they need to conduct training. Over 50 female soldiers assigned to each of the 12 armories, will utilize the space. The facilities will also be used by females when the armory is rented or when it is being used for other public functions. The facilities range in age from 31 years to 62 years old and vary in size from 72 square feet to 339 square feet. The agency estimates total project costs at \$159,077 per facility for a total of \$2,233,435 for all 12 facilities with additional annual operating costs of \$36,000 in years 1 thru 3.

- (f) Summary 1-2019: JBRC Item 6. (J12) Department of Mental Health
 Project: 9761, CCS Dialysis Room Conversion at McLendon
 Included in Annual CPIP: No
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

Ref: Supporting document pages 37-41

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Tenant Funds	0.00	0.00	0.00	0.00	0.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Funding Source: Tenant Funds. Correct Care Recovery Solutions shall be funding this project.

Request: Establish a Phase I project to renovate the decommissioned dialysis unit next to the McLendon Building located at the Crafts-Farrow State Hospital Campus in Columbia. The building, constructed in 1985, is approximately 2,100 square feet and is a standalone building attached to the existing McLendon facility by one wall. The construction is steel with open web bar joists, EPDM roof, masonry walls, building mechanicals are 1 single packaged gas/electric roof top unit with general exhaust, electrical, sanitary and domestic water are supplied by the facility. The renovated space shall have 10 single patient rooms with common and ancillary spaces. The building is leased to Correct Care to operate for SC DMH and SC DOC. These new units will be occupied by SCDOC patients in accordance with an agreement that was structured at the end of 2017 without exceeding the licensed bed count. The renovated space shall be of noncombustible construction with windows added for new patient rooms and the backdoor of the space relocated to facilitate the new construction. Roof, building structure, plumbing, mechanical and electrical systems will be reused as much as possible while updating the space usage requirements. All work shall be in accordance with state and local codes. The agency estimates total project costs to be incurred by Correct Care at \$400,000 with no additional annual operating costs to be incurred by the state.

- (g) Summary 1-2019: JBRC Item 7. (N04) Department of Corrections
 Project: 9747, Wateree River CI – Boiler Replacement
 Included in Annual CPIP: Yes – 2017 CPIP Priority 1 of 6 in FY18 (est. at \$900,000 for this project)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

Ref: Supporting document pages 42-47

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Insurance Reserve	0.00	0.00	0.00	13,500.00	13,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>13,500.00</u>	<u>13,500.00</u>

Funding Source: \$13,500 Other, Insurance Reserve Fund.

Request: Establish project and budget for \$13,500 (Other, Insurance Reserve Funds) to replace the existing 60+ year old boiler and associated piping for the Wateree River Correctional Institution. The boiler is obsolete, doesn't meet inspection requirements by the state's Insurance Reserve Fund, is in poor condition, not energy efficient, and has exceeded the anticipated useful service life. The boiler serves the administrative area, food service and 6 open dormitory areas. It does not serve the entire institution but the affected area is approximately 54,700 square feet. This facility was constructed in the early 1900's and is 100+ years old. It holds 750 inmates and an average of 190 staff. The agency estimates total project costs at \$900,000 and additional annual operating costs/savings have not yet been determined.

Establish Construction Budget

- (h) Summary 1-2019: JBRC Item 8. (H59) Greenville Technical College
 Project: 6136, Greenville – Benson Campus Amphitheater and Student Plaza
 Included in Annual CPIP: Yes – 2017 CPIP Priority 3 of 3 in FY20 (estimated at \$1,326,335)
 JBRC/SFAA Phase I Approval: January 2018 (estimated at \$2,500,000)

CHE Recommended Approval: Pending CHE Board Approval on 8/2/18

Ref: Supporting document pages 48-61

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Private Citizen Donation	37,500.00	0.00	37,500.00	2,864,201.00	2,901,701.00
All Sources	<u>37,500.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>2,864,201.00</u>	<u>2,901,701.00</u>

Funding Source: \$2,901,701 Other, Private Citizen Donation Funds, which have been received specifically for the development and construction of this project.

Request: Increase budget to \$2,901,701 (add \$2,864,201 Other, Private Citizen Donation Funds) to establish Phase II, design development, construction documents and bidding to construct an amphitheater and student plaza on approximately 4 acres, in an outside lawn area between buildings 301 and 302, alongside Building 301 and the main entrance drive on Benson Campus. The total estimated cost of the project in the Phase II request is \$401,701 higher than the Phase I amount due to the construction bid pricing climate. It is anticipated that the project will be bid around the November to December timeframe and the architects and cost estimators firmly believe the cost for the project will be in the \$2.9 million range. The facility will include tiered natural and bench seating, a stage, audio/visual, wireless internet, stage lighting, electrical panel service, band-shell pavilion, restroom facilities, native plant landscaping, and canopy trees. Nature trails, landscaping, and a small parking area along the main driveway into campus will also be a part of the project. The college states that an aesthetically pleasing outdoor learning environment without walls or a ceiling in the fresh air, sunshine and relaxed setting will foster an environment to enhance creative thought processes by students. The college further states that the outdoor learning experience will be valuable to artists, theatrics, language arts, humanities, and various science programs, and community activities. A small art pavilion structure of approximately 3,000 square feet will be constructed. The amphitheater and terraced seating will provide approximately 185 seats for performances and a large lawn beyond the tiered seating for blanket seating. The area will be utilized by an estimated 900 students, 50 faculty, 30 staff and 1,000 outside visitors. The project contingency exceeds 10% of the total project budget due to anticipated construction cost escalation, based on consultation with OSE of recent state bid projects and consultation by A&E with general contractors. The agency estimates total project costs at \$2,901,701 with additional annual operating costs of \$3,000 in years 1 thru 3. The agency anticipates execution of the construction contract in November 2018 and completion of construction in August 2019.

- (i) Summary 1-2019: JBRC Item 9. (J12) Department of Mental Health
 Project: 9737, State Veterans' Nursing Home Construction Central Region
 Included in Annual CIP: Yes – 2017 CIP Priority 10 of 12 in FY20 (estimated at \$40,296,165)
 JBRC/SFAA Phase I Approval: January 2015 (estimated at \$58,000,000)
 JBRC/SFAA Revise Scope Approval: March 2015 (estimated at \$37,000,000)
 JBRC/SFAA Phase I Budget Increase Approval: May 2018 (estimated at \$40,300,000)

CHE Recommended Approval: N/A

Ref: Supporting document pages 62-79

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Federal, VA State Home Construction Grant Program	0.00	0.00	0.00	28,811,758.00	28,811,758.00
Other, Capital Improv. & Maint.	500,000.00	500,000.00	1,000,000.00	13,103,658.00	14,103,658.00
Additional funding to be requested from General Assembly by DMH*	0.00	0.00	0.00	11,184,584.00	11,184,584.00
All Sources	<u>500,000.00</u>	<u>500,000.00</u>	<u>1,000,000.00</u>	<u>53,100,000.00</u>	<u>54,100,000.00</u>

*Per the Department of Mental Health, should the construction cost reach \$54,100,000, the state's share would be \$25,288,242. Should the state share requirement exceed the current funds which DMH reserved, DMH will seek funding from the General Assembly.

Funding Source: \$28,811,758 Federal, VA State Home Construction Grant Program. \$14,103,658 Other, Capital Improvement & Maintenance Funds, authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. Up to \$11,184,584 in additional funding may be requested by DMH to address the remaining costs of the project.

Request: Increase budget to \$54,100,000 (add \$28,811,758 Federal, VA State Home Construction Grant Program and \$13,103,658 Other, Capital Improvement & Maintenance Funds and up to \$11,184,584 to be requested) to establish the full Phase II design and construction budget in order to complete all requirements necessary to receive a federal funding grant from VA in early 2019 for the construction of a veterans nursing home in the central South Carolina region. The FY18 Veterans Affairs Appropriations Bill contained funding for the construction of three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in September 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments (draft complete), and a letter of approval from the state historical preservation officer (complete). OSE and DHEC have reviewed and approved the schematic design drawings. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility will adapt the design to the northeast and northwest South Carolina region sites. The design on which the

cost estimate is based calls for steel framing, pitched roof and full emergency generators. The facility will be constructed to meet LEED Silver certification standards with anticipated energy savings of \$1,800,000 over a 30 year period. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 147,000 gross square feet and house 104 veterans and 100+ contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. Preliminary estimates now indicate the completed project will cost approximately \$54,100,000 with additional annual operating costs of \$12,129,955 in year 1, \$12,493,854 in year 2, and \$12,868,669 in year 3. The agency anticipates execution of the construction contract in April 2019 and completion of construction in June 2021.

- (j) Summary 1-2019: JBRC Item 10. (J12) Department of Mental Health
 Project: 9739, State Veterans' Nursing Home Construction Northeast Region
 Included in Annual CIP: Yes – 2017 CIP Priority 8 of 12 in FY20 (estimated at \$39,914,915)
 JBRC/SFAA Phase I Approval: March 2015 (estimated at \$37,000,000)
 JBRC/SFAA Phase I Budget Increase Approval: May 2018 (estimated at \$39,900,000)

CHE Recommended Approval: N/A

Ref: Supporting document pages 80-93

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Federal, VA State Home Construction Grant Program	0.00	0.00	0.00	28,539,164.00	28,539,164.00
Other, Capital Improv. & Maint.	250,000.00	1,000,000.00	1,250,000.00	12,720,220.00	13,970,220.00
Additional funding to be requested from General Assembly by DMH*	0.00	0.00	0.00	12,790,616.00	12,790,616.00
All Sources	<u>250,000.00</u>	<u>1,000,000.00</u>	<u>1,250,000.00</u>	<u>54,050,000.00</u>	<u>55,300,000.00</u>

*Per the Department of Mental Health, should the construction cost reach \$55,300,000, the state's share would be \$26,760,836. Should the state share requirement exceed the current funds which DMH reserved, DMH will seek funding from the General Assembly.

Funding Source: \$28,539,164 Federal, VA State Home Construction Grant Program. \$13,970,220 Other, Capital Improvement & Maintenance Funds, authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. Up to \$12,790,616 in additional funding may be requested by DMH to address the remaining costs of the project.

Request: Increase budget to \$55,300,000 (add \$28,539,164 Federal, VA State Home Construction Grant Program and \$12,720,220 Other, Capital Improvement & Maintenance Funds and up to \$12,790,616 to be requested) to establish the full Phase II design and construction budget in order to complete all requirements necessary to receive a federal funding grant from VA in early 2019 for the construction of a veterans nursing home in the northeast South Carolina region. The FY18 Veterans Affairs Appropriations Bill contained funding for the construction of three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in September 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments (draft complete), and a letter of approval from the state historical preservation officer (complete). OSE and DHEC have reviewed and approved the schematic design drawings. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility for the central region will adapt the design to the northeast and northwest South Carolina region sites. The design on which the cost estimate is based calls for steel framing, pitched roof

and full emergency generators. The facility will be constructed to meet LEED Silver certification standards with anticipated energy savings of \$1,800,000 over a 30 year period. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 147,000 gross square feet and house 104 veterans and 100+ contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. Preliminary estimates now indicate the completed project will cost approximately \$55,300,000 with additional annual operating costs of \$12,129,955 in year 1, \$12,493,854 in year 2, and \$12,868,669 in year 3. The agency anticipates execution of the construction contract in April 2019 and completion of construction in June 2021.

- (k) Summary 1-2019: JBRC Item 11. (J12) Department of Mental Health
 Project: 9740, State Veterans' Nursing Home Construction Northwest Region
 Included in Annual CIP: Yes – 2017 CIP Priority 9 of 12 in FY20 (estimated at \$41,135,915)
 JBRC/SFAA Phase I Approval: March 2015 (estimated at \$37,000,000)
 JBRC/SFAA Phase I Budget Increase Approval: May 2018 (estimated at \$41,100,000)

CHE Recommended Approval: N/A

Ref: Supporting document pages 94-107

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Federal, VA State Home Construction Grant Program	0.00	0.00	0.00	29,412,179.00	29,412,179.00
Other, Capital Improv. & Maint.	250,000.00	1,000,000.00	1,250,000.00	13,147,571.00	14,397,571.00
Additional funding to be requested from General Assembly by DMH*	0.00	0.00	0.00	12,990,250.00	12,990,250.00
All Sources	<u>250,000.00</u>	<u>1,000,000.00</u>	<u>1,250,000.00</u>	<u>55,550,000.00</u>	<u>56,800,000.00</u>

*Per the Department of Mental Health, should the construction cost reach \$56,800,000, the state's share would be \$27,387,821. Should the state share requirement exceed the current funds which DMH reserved, DMH will seek funding from the General Assembly.

Funding Source: \$29,412,179 Federal, VA State Home Construction Grant Program. \$14,397,571 Other, Capital Improvement & Maintenance Funds, authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. Up to \$12,990,250 in additional funding may be requested by DMH to address the remaining costs of the project.

Request: Increase budget to \$56,800,000 (add \$29,412,179 Federal, VA State Home Construction Grant Program and \$13,147,571 Other, Capital Improvement & Maintenance Funds and up to \$12,990,250 to be requested) to establish the full Phase II design and construction budget in order to complete all requirements necessary to receive a federal funding grant from VA in early 2019 for the construction of a veterans nursing home in the northwest South Carolina region. The FY18 Veterans Affairs Appropriations Bill contained sufficient to provide federal grant funding for the construction of three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in September 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments (draft complete), and a letter of approval from the state historical preservation officer (complete). OSE and DHEC have reviewed and approved the schematic design drawings. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility for the central region will adapt the design to the Northeast and Northwest South Carolina region sites. The design on which the cost

estimate is based calls for steel framing, pitched roof and full emergency generators. The facility will be constructed to meet LEED Silver certification standards with anticipated energy savings of \$1,800,000 over a 30 year period. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 147,000 gross square feet and house 104 veterans and 100+ contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. Preliminary estimates now indicate the completed project will cost approximately \$56,800,000 with additional annual operating costs of \$12,129,955 in year 1, \$12,493,854 in year 2, and \$12,868,669 in year 3 are expected. The agency anticipates execution of the construction contract in April 2019 and completion of construction in June 2021.

- (I) Summary 1-2019: JBRC Item 12. (N12) Department of Juvenile Justice
 Project: 9606, Coastal Regional Center
 Included in Annual CIP: Yes – 2018 CIP Priority 3 of 4 in FY19 (estimated at \$3,676,286)
 JBRC/SFAA Phase I Approval: December 2017 (estimated at \$3,676,286)
 JBRC/SFAA Phase I Budget Increase Approval: June 2018 (estimated at \$3,676,286)

CHE Recommended Approval: N/A

Ref: Supporting document pages 108-121

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY18 Carryforward	142,500.00	171,712.50	314,212.50	3,362,073.50	3,676,286.00
All Sources	<u>142,500.00</u>	<u>171,712.50</u>	<u>314,212.50</u>	<u>3,362,073.50</u>	<u>3,676,286.00</u>

Funding Source: \$3,676,286 Appropriated State, FY18 Carryforward Funds.

Request: Increase budget to \$3,676,286 (add \$3,362,073.50 Appropriated State, FY18 Carryforward Funds) to proceed with Phase II to implement regionalization across the state. This project will address the needs at the Coastal Regional Center located in Ridgeville, which will accommodate the programs needed for juveniles in the coastal area of SC. Regionalization represents a fundamental shift in how committed youth will be served by the juvenile justice system. It will allow youth to be housed closer to their home communities instead of committing them to distant state facilities. Regionalization brings neighboring counties together to share resources and services to better serve youth close to their homes. Other advantages of regionalization include increased family engagement, transitional programming and contact with other providers, community resources, and parole and probation proficiency. A smaller population of youth in each center may also reduce gang issues and behavior issues. This project will include the construction of a multi-purpose building for clinical, program and security staff, vocational classrooms for the juveniles; security upgrades to include the expansion/new construction of perimeter fencing; and expanding the footprint of the property by creating new recreational space. Even though this project request is for the Coastal Center, all 3 current evaluation centers will eventually be included in this reorganization as separate projects. The new regional center building to be constructed will be an 11,000 square foot pre-engineered building and will house the programmatic activities. The existing housing already on-site accommodates 175 juveniles. The project will be designed for maximum energy efficiency for its intended use. However, under the 2018 edition of the OSE Manual, Chapter 5, section 5.10, lines 5.10.3, exemptions are listed on B for any public school building K-12, and on line C, any correctional facility constructed. This building will have a masonry base and metal wall panels with a standing-seam sloped metal roof. The recreation space will include indoor and outdoor space to include a soccer field with running track and basketball courts. There is an existing Coastal Evaluation Center, constructed in 2002, located on the 11 acre property that will also continue to be used as part of the Coastal Regional Center but it will not be renovated in this project. The agency estimates total project costs at \$3,676,286 and additional annual operating costs have not yet been determined. The agency anticipates execution of the construction contract is September 2018 and completion of construction in September 2021.

- (m) Summary 1-2019: JBRC Item 13. (N12) Department of Juvenile Justice
 Project: 9607, Upstate Regional Center
 Included in Annual CIP: Yes – 2018 CIP Priority 4 of 4 in FY19 (estimated at \$3,676,286)
 JBRC/SFAA Phase I Approval: December 2017 (estimated at \$3,676,286)
 JBRC/SFAA Phase I Budget Increase Approval: June 2018 (estimated at \$3,676,286)

CHE Recommended Approval: N/A

Ref: Supporting document pages 122-135

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY18 Carryforward	142,500.00	171,712.50	314,212.50	3,362,073.50	3,676,286.00
All Sources	<u>142,500.00</u>	<u>171,712.50</u>	<u>314,212.50</u>	<u>3,362,073.50</u>	<u>3,676,286.00</u>

Funding Source: \$3,676,286 Appropriated State, FY18 Carryforward Funds.

Request: Increase budget to \$3,676,286 (add \$3,362,073.50 Appropriated State, FY18 Carryforward Funds) to proceed with Phase II to implement regionalization across the state. This project will address the needs at the Upstate Regional Center located in Union, which will accommodate the programs needed for juveniles in the upstate area of SC. Regionalization represents a fundamental shift in how committed youth will be served by the juvenile justice system. It will allow youth to be housed closer to their home communities instead of committing them to distant state facilities. Regionalization brings neighboring counties together to share resources and services to better serve youth close to their homes. Other advantages of regionalization include increased family engagement, transitional programming and contact with other providers, community resources, and parole and probation proficiency. A smaller population of youth in each center may also reduce gang issues and behavior issues. This project will include the construction of a multi-purpose building for clinical, program and security staff, vocational classrooms for the juveniles; security upgrades to include the expansion/new construction of perimeter fencing; and expanding the footprint of the property by creating new recreational space. Even though this project request is for the Upstate Center, all 3 current evaluation centers will eventually be included in this reorganization as separate projects. The new regional center building to be constructed will be an 11,000 square foot pre-engineered building and will house the programmatic activities. The existing housing on-site accommodates 190 juveniles. The project will be designed for maximum energy efficiency for its intended use. However, under the 2018 edition of the OSE Manual, Chapter 5, section 5.10, lines 5.10.3, exemptions are listed on B for any public school building K-12, and on line C, any correctional facility constructed. This building will have a masonry base and metal wall panels with a standing-seam sloped metal roof. The recreation space will include indoor and outdoor space to include a soccer field with running track and basketball courts. There is an existing Upstate Evaluation Center, constructed in 1997, located on the 17 acre property that will also continue to be used as part of the Upstate Regional Center but it will not be renovated in this project. The agency estimates total project costs at \$3,676,286 and additional annual operating costs have not yet been determined. The agency anticipates execution of the construction contract is September 2018 and completion of construction in September 2021.