



STATE OF SOUTH CAROLINA

**POLICIES AND GUIDANCE FOR
ESTABLISHMENT AND MAINTENANCE OF PERMANENT IMPROVEMENT PROJECTS**

CONTENTS

Contents----- 3

Section 1: Capital Budget Office ----- 7

Section 2: Permanent Improvement Projects ----- 9

 State Agencies----- 9

 Institutions of Higher Learning ----- 10

 Exceptions to Project Cost Thresholds ----- 11

 Exemptions for Certain Undertakings by the South Carolina Department of Natural Resources----- 12

 Projects Utilizing Excess Debt Service as a Source of Funds----- 12

 Project Approval Requirements Incidental to Subsequent Determinations ----- 12

 Equipment Included in Permanent Improvement Projects----- 12

 Building Acquisitions----- 12

Section 3: Establishing and Revising Permanent Improvement Projects ----- 15

 Policies for Establishing and Revising a Permanent Improvement Project ----- 15

 Phased Approvals----- 15

 Project Scope ----- 15

 Form A-1 for Permanent Improvement Project Establishment and Revision----- 15

 Business Area ----- 15

 Project Number and Name----- 15

 Facility Number and Name----- 16

 County Code----- 16

 New/Revised Budget ----- 16

 Project Type ----- 16

 Facility Type ----- 16

 CPIP Integration ----- 17

 Proposed Project Action----- 17

 Project Description and Justification ----- 17

 Operating Cost Implications----- 18

 Estimated Project Schedule and Expenditures ----- 18

 Estimates of New/Revised Project Costs ----- 18

 Proposed Source(s) of Funding ----- 19

 Submitted By----- 20

 Approved By ----- 20

Section 4: Special Procedures ----- 21

 Phase I and Phase II Procedures for Construction and Renovation Projects ----- 21

 Phase I: Pre-Design----- 21

Phase I Extensions----- 21

Phase II: Full Design and Construction ----- 21

Higher Education Review by Commission on Higher Education ----- 22

Special Procedures by Funding Source----- 22

 Capital Improvement Bond Funds ----- 22

 Contingency Revolving Funds----- 22

 Debt Financing----- 23

 Permanent Improvement Projects Financed through Arrangements with Third Parties----- 24

 Construction-Related Gifts ----- 24

 Third Party Improvements on state-leased and other State-Owned Facilities ----- 25

 Budget Transfers Between Projects----- 25

 Energy Conservation and Certification Standards ----- 25

 Project Completion and Closing----- 25

 Emergency Procurements----- 26

Section 5: Procedures for Approval of Permanent Improvement Projects----- 27

 Project Approvals and Distribution of Forms A-1 ----- 27

Section 6: Comprehensive Permanent Improvement Plan ----- 25

 Background ----- 25

 General Guidance----- 25

 Submission Emphasis----- 25

 Year 1 ----- 25

 Years 2-5----- 25

 Submission Coordination with Commission on Higher Education, State Board for Technical and Comprehensive Education, and Division of Facilities Management ----- 26

 Submission----- 26

 Preparation Instructions ----- 26

 CPIP Summary Worksheet ----- 27

 CPIP Project Detail Worksheet ----- 27

 General ----- 27

 Agency Information----- 27

 Plan Year----- 27

 Agency Reference ----- 27

 Submission Type ----- 28

 Project Name ----- 28

 Priority----- 28

 Project Type ----- 28

 Facility Type ----- 28

Description, Justification and Alternatives Considered-----	28
Estimated Project Costs -----	29
Fund Sources -----	29
Annualized Operating Budget Impact -----	29
Process Refinements -----	29
Due Date-----	30
Section 7: Real Property Acquisitions -----	31
Purchases -----	31
Appraisal -----	31
Environmental Study -----	31
Building Condition Assessment -----	32
Letters of Local Support -----	32
Capital Budget Office Review -----	32
Information Required for JBRC and Authority Submission -----	32
Review and Approval-----	33
Real Estate Closing -----	33
Donations-----	33
Exchanges -----	34
Acquisitions of Property Between State Agencies -----	35
Section 8: Statewide Permanent Improvement Reporting System -----	37
Budget and Project Data-----	37
Expenditure Data-----	37
SCEIS Agencies -----	37
Lump-Sum Agencies -----	37
Technical College System -----	37
SPIRS Reports-----	37
Expenditure Adjustments-----	38
SCEIS Agencies -----	38
Lump-Sum Agencies -----	38
Overdrafts -----	38
Appendix A: Form of Permanent Improvement Project Request-----	39
Appendix B: Form of Annual Operating Costs and Savings Resulting from Permanent Improvement Project-----	41
Appendix C: Form of Request to Acquire Real Property -----	43
Appendix D: Policy on Environmental Studies for Land Acquisitions -----	45
Appendix E: Policy on Building Condition Assessments for State Building Acquisitions -----	47
Appendix F: Form of Approval to Secure Studies and Surveys – Land Acquisitions-----	49

Appendix G: Phase I and Phase II Construction Permanent Improvement Projects----- 51

 Phase I – Pre-Design ----- 51

 Pre-Design Services----- 51

 Design Services ----- 52

 Phase II – Full Design and Construction ----- 52

Certain Policies and Requirements of the Joint Bond Review Committee and State Fiscal Accountability Authority----- 53

 Background ----- 53

 Emergency Project Approval Requests (1987) ----- 53

 Asbestos Abatement Projects (1989) ----- 53

 Environmental Studies (1989)----- 54

 Project Approvals (1989) (Superseded) ----- 54

 Project Approval Process for “Hurricane Hugo” Related Permanent Improvement Projects (1989) (Temporary)----- 54

 Permanent Improvement Projects – Revised Definition (1991) (Partially Superseded) ----- 54

 Comprehensive Permanent Improvement Plan (2001) ----- 56

 Proposed Land Acquisition Projects (2003)----- 56

 Establishment of Projects in Phases (2007)----- 57

 LEED Energy Conservation Standards (2010)----- 58

 Scope Revisions (2013)----- 58

 Phase I JBRC Approval/Request for Extension (2013) ----- 58

 Final Land Acquisitions (2014)----- 59

 Bond Approvals (2014) (Superseded) ----- 59

 Source of Funds Change Requests (2015) ----- 60

 Permanent Improvement Projects Financed through Arrangements with Third Parties (2016)----- 60

 Policy Regarding Bond Approvals (2016)----- 61

 DNR Existing Roads and Dikes on DNR-Owned or DNR-Controlled State Lands (2017)----- 62

 Temporary and Project-Specific Matters----- 62

South Carolina Code of Laws Title 2 Chapter 47 ----- 65

SECTION 1: CAPITAL BUDGET OFFICE

The Capital Budget Office of the South Carolina Department of Administration is the organizational entity with oversight responsibility for the State's permanent improvements program. The Office is responsible for coordinating the approval process and monitoring and reporting budgets and expenditures for all permanent improvement projects.

The Capital Budget Office facilitates the planning process for state agencies' and institutions' capital improvement programs through the Comprehensive Permanent Improvement Plan (CPIP) which annually reflects all planned permanent improvement project activity for the next five-year period. Additionally, the CPIP provides information on projects for which State funding will be requested from the General Assembly. The Office reviews all plans and provides information integral to the review of the comprehensive plan by the Joint Bond Review Committee and State Fiscal Accountability Authority. The Office also assists agencies in the approval process for all land acquisitions, and provides technical assistance to state agencies and institutions in all of these areas.

Authorizations, approvals and project activities are reported through the Statewide Permanent Improvement Reporting System or SPIRS, which provides information to agencies, institutions and other stakeholders regarding project status, including among other things budgets, expenditures and overdrafts.

In the event of enactment of a bond bill, the Capital Budget Office works with state agencies in developing bond draw schedules, which govern the release of capital improvement bond funds for authorized projects. After the schedules are prepared, the Office presents them to the Joint Bond Review Committee and State Fiscal Accountability Authority for review and approval.

SECTION 2: PERMANENT IMPROVEMENT PROJECTS

Section 2-47-50 of the South Carolina Code of Laws provides that the State Fiscal Accountability Authority shall formally establish each permanent improvement project before any actions which implement the project can be undertaken. The project must also be established before any expenditures can be made toward the project purpose.

Section 10-1-180 of the South Carolina Code of Laws authorizes the Joint Bond Review Committee and the Budget and Control Board¹ to determine the cost amount requiring establishment of a permanent improvement project, and further authorizes the committee and the board to determine cost amounts for minor construction projects not requiring establishment of or approval as permanent improvement projects.

In September 1991, the State Budget and Control Board approved the following definition of a permanent improvement project, after review by the Joint Bond Review Committee. The definition addresses the cost and other qualifying factors requiring establishment of permanent improvement projects. Act No. 74 of 2011 among other things amended the provisions of Code Section 2-47-50 by establishing a statutory definition for higher education institutions.

STATE AGENCIES

Permanent improvement projects for state agencies are defined as

- Any acquisition of land, regardless of cost;
- Any acquisition (as opposed to the construction) of buildings or other structures, regardless of cost;
- Construction of new facilities and any work on existing facilities including their renovation, repair, maintenance, alteration or demolition in those instances in which the total cost of all work involved is \$100,000 or more (see also *Capital Project Required Approval(s) by Transaction Type* in Section 5);
- Architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are therefore not to be included;
- Capital lease purchase of any facility acquisition or construction; and
- Equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract should be included as a part of a project.

Any permanent improvement project that meets the above definition must become a project, regardless of the source of funds. Moreover, any agency that has been authorized or appropriated capital improvement bond funds, capital reserve funds or state appropriated funds by the General Assembly for capital improvements must process a permanent improvement project, regardless of the amount. In addition, any agency proposing to transfer appropriated operating funds to a permanent improvement project must process a permanent improvement project, regardless of the amount.

¹ At the direction of the Code Commissioner, reference in this section to the former Budget and Control Board has not been changed pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), until further action by the General Assembly. The South Carolina Department of Administration administers the programmatic responsibilities on behalf of the State Fiscal Accountability Authority pursuant to a Memorandum of Understanding; however, as a practical matter, establishment of policy remains vested in the Authority as successor to the State Budget and Control Board. As of the date hereof, the Authority has not altered policy with respect to permanent improvement project definition, establishment, project cost thresholds, or other matters covered by Section 10-1-180 of the Code of Laws.

Effective September 13, 2016, a permanent improvement project must be established if:

- An agency contemplates entering into one or more leases, contracts, or agreements in connection with a permanent improvement project for facilities that will be funded, constructed, acquired or otherwise improved for, through or on behalf of the agency by any third party (whether or not related to the agency, including without limitation a foundation, other non-profit, private entity or conduit issuer); or
- An agency expects to occupy or undertake financial or performance obligations to any related or unrelated third party in connection with a facility constructed, acquired or otherwise improved or situated on state property, the agency must submit to the Joint Bond Review Committee a request for review of the transaction, together with certain required documentation, all of which will be presented as a single, separate agenda item.²

Under current policies, projects with costs less than \$100,000 are exempt from committee review and board approval; however, each agency may be required to report on these exempted expenditures in accordance with the Comprehensive Permanent Improvement Plan process or as requested by the committee or the authority.³

These policies, including the \$100,000 threshold, are subject to adjustment by the committee and the authority.

INSTITUTIONS OF HIGHER LEARNING

Permanent improvement projects for institutions of higher learning are statutorily defined as

- Acquisition of land, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority, up to \$250,000;
- Acquisition (as opposed to construction) of buildings and other structures, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority, up to \$250,000⁴;
- Work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work is \$1,000,000 or more;
- Architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are not to be included;
- Capital lease purchase of a facility acquisition or construction in which the total cost is \$1,000,000 or more;
- Equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract shall be included as a part of a project in which the total cost is \$1,000,000 or more; and
- New construction of a facility that exceeds a total cost of \$500,000.

Any permanent improvement project that meets the above definition must become a project, regardless of the source of funds. Moreover, any institution of higher learning that has been authorized or appropriated capital improvement bond funds, capital reserve funds or state appropriated funds, or state research

² See “Permanent Improvement Projects Financed through Arrangements with Third Parties” in Section 4.

³ Adopted by Joint Bond Review Committee August 8, 1991; adopted by State Budget and Control Board September 10, 1991.

⁴ The reviews prescribed in these first two definitions of permanent improvement projects for institutions of higher learning are administratively performed by the South Carolina Department of Administration pursuant to a Memorandum of Understanding.

university infrastructure bond funds by the General Assembly for capital improvements must process a permanent improvement project, regardless of the amount.

For purposes of establishing permanent improvement projects, Clemson University Public Service Activities (Clemson-PSA) and South Carolina State University Public Service Activities (SC State-PSA) are subject to the provisions of Chapter 47 of Title 2.⁵

Effective September 13, 2016, a permanent improvement project must be established if:

- An institution of higher learning contemplates entering into one or more leases, contracts, or agreements in connection with a permanent improvement project for facilities that will be funded, constructed, acquired or otherwise improved for, through or on behalf of the agency by any third party (whether or not related to the agency, including without limitation a foundation, other non-profit, private entity or conduit issuer); or
- An institution of higher learning expects to occupy or undertake financial or performance obligations to any related or unrelated third party in connection with a facility constructed, acquired or otherwise improved or situated on state property. The agency must submit to the Joint Bond Review Committee a request for review of the transaction, together with certain required documentation, all of which will be presented as a single, separate agenda item.⁶

EXCEPTIONS TO PROJECT COST THRESHOLDS

The permanent improvement project definitions include exceptions to the \$100,000 threshold for state agencies and the \$500,000 or \$1 million thresholds for higher education institutions for projects funded with capital improvement bond funds, capital reserve funds and state appropriated funds. Additionally, the definition for higher education institutions includes an exception to the \$500,000 or \$1,000,000 threshold for projects funded with state research university infrastructure bond funds. According to the two definitions, projects funded with these sources must be established as permanent improvement projects regardless of the project amount.

The Joint Bond Review Committee has clarified the exception to the \$100,000 threshold for state appropriated funds subsequent to adoption of the current permanent improvement project definition, which clarification also applies to the \$500,000 or \$1,000,000 levels for institutions of higher learning under Code Section 2-47-50. The clarification provides that state-funded projects which must be established as permanent improvement projects regardless of the amount include the following:

- Projects which receive specific line item authorizations in specific amounts in legislation such as the Appropriations Act;
- Projects using state appropriated operating funds for permanent improvements; and
- Projects using the state appropriated fund sources above when the funds are transferred to establish or revise another project.

Provided, however, projects utilizing funds earmarked specifically for maintenance for state agencies and utilizing formula funds for institutions of higher learning need only be established as permanent improvement projects if the amounts exceed \$100,000 with respect to state agencies or \$500,000 or \$1,000,000 as the case may be with respect to institutions of higher learning.

⁵ The Commission on Higher Education takes the position that undertakings of the public service activities are not subject to the review of the commission.

⁶ See “Permanent Improvement Projects Financed through Arrangements with Third Parties” in Section 4.

EXEMPTIONS FOR CERTAIN UNDERTAKINGS BY THE SOUTH CAROLINA DEPARTMENT OF NATURAL RESOURCES

By action of the Joint Bond Review Committee on December 5, 2017, and by the State Fiscal Accountability Authority on December 12, 2017, the South Carolina Department of Natural Resources was granted an exemption to the usual permanent improvement process for the repair/replacement of existing roads and dikes on any DNR-owned land or DNR-controlled state lands. Under this exemption, the Department of Natural Resources must submit the documentation necessary to establish the permanent improvement project for review by committee staff with projects so submitted reported to the committee at its next meeting. Moreover, approval authority of the State Fiscal Accountability Authority for the permanent improvement project is delegated to the authority's executive director with projects so submitted reported to the authority at its next regularly-scheduled meeting.

PROJECTS UTILIZING EXCESS DEBT SERVICE AS A SOURCE OF FUNDS

Projects utilizing excess debt service as a fund source are not specifically addressed by the permanent improvement project definition; however, because statutory requirements govern use of these funds with respect to certain agencies, all projects utilizing excess debt service funds must be established as permanent improvement projects regardless of the project amount.

PROJECT APPROVAL REQUIREMENTS INCIDENTAL TO SUBSEQUENT DETERMINATIONS

If an agency begins a permanent improvement that is initially excepted from the requirements for establishment of a permanent improvement project, but subsequently determines that the permanent improvement will no longer meet the criteria for the exception, the agency or institution must establish a permanent improvement project by submitting a Form A-1 to the Capital Budget Office as soon as the determination is made. The approval path is identical to that of any project of similar type, budget and complexion.

If the costs of permanent improvements are anticipated to exceed the threshold at any time during the life of the project, a permanent improvement project should be established prior to making any expenditures, to ensure that all such expenditures are captured for reporting from inception, and to avoid the necessity for reconstructing and manually recording any uncaptured expenditures.

EQUIPMENT INCLUDED IN PERMANENT IMPROVEMENT PROJECTS

Equipment that either becomes a permanent fixture of a facility, or does not become permanent but is included in the construction contract, must be established as or within a permanent improvement project, including furnishings and fixtures acquired in conjunction with the permanent improvement.

Once a building or addition is completed, the replacement of any equipment that is integral to the operation of the building or without which a building cannot function properly, including without limitation HVAC equipment and distribution systems, plumbing components, elevators, fire protection and security systems, electrical and lighting components, and any automation systems that control or monitor them, must be established as or within a permanent improvement project. Moreover, the addition or replacement of any equipment which requires attachment to or alteration of the facility to accommodate it, must be established as or within a permanent improvement project.

The same expenditure thresholds requiring establishment of permanent improvement projects apply to equipment-related permanent improvements.

BUILDING ACQUISITIONS

Acquisitions (as opposed to the construction) of buildings or other structures, including any buildings or structures acquired as part of a land or building acquisition, and further including any pre-fabricated or

manufactured buildings or structures, require establishment of a permanent improvement project regardless of the cost. The budget of any permanent improvement project established for any acquisition must include the cost of acquiring the structure as well as any related costs of acquisition, like major or incidental construction or renovation, site preparation, professional fees, and utility connection fees.⁷

⁷ See Section 7 for further information.

SECTION 3: ESTABLISHING AND REVISING PERMANENT IMPROVEMENT PROJECTS

POLICIES FOR ESTABLISHING AND REVISING A PERMANENT IMPROVEMENT PROJECT

The Joint Bond Review Committee has established policies for establishment and revision of permanent improvement projects, which policies underlie the authorizations and approvals made by the State Fiscal Accountability Authority.

PHASED APPROVALS

The JBRC reviews permanent improvement project requests in two phases to promote informed review and mitigate potential for scope changes and cost overruns.

Phase I reviews establish the conceptual components and scope of a project proposal with expenditures authorized for pre- and limited design services only. The objective of Phase I is to authorize funds for the development of firm cost estimates and definition of project scope.

Phase II reviews establish firm project design, scope and construction budget following completion of the Phase I pre- and limited design services, and may include further details and justification. Favorable review of a Phase I proposal does not guarantee favorable review of a Phase II project or construction budget.

This policy is addressed in more detail in Section 4 and Appendix G.

PROJECT SCOPE

Permanent improvement projects should be established in accordance with a common plan. The focus of many undertakings is construction, maintenance or renovation of existing or new facilities without regard to others and in such cases, the project proposal will be facility-specific. On the other hand, certain undertakings will be made for common infrastructure, shared components, or contemporaneous, major system replacements among facilities, and in such cases, the project proposal will be plan-specific. In any event, the project submission should be logically focused on a common undertaking. While budgetary constraints may limit and determine the focus and scope of the project, submissions appearing to leverage approval thresholds or exemptions will be rejected by the Department of Administration.

FORM A-1 FOR PERMANENT IMPROVEMENT PROJECT ESTABLISHMENT AND REVISION

Form A-1 provides a summary of facts for establishing or revising a permanent improvement project (see Appendix A), and is the basis for submissions to the Joint Bond Review Committee and the State Fiscal Accountability Authority. All permanent improvement projects and revisions must be made on a Form A-1, which must be completed in its entirety and submitted in format and substance as prescribed by the South Carolina Department of Administration. Sections one through ten must be completed for all submissions, each of which sections are described below.

BUSINESS AREA

Provide the four-character SCEIS business area code, the business area name, the contact name and telephone number of the person responsible for the project.

PROJECT NUMBER AND NAME

If a new project is being established, leave the project number blank. The Capital Budget Office will assign a project number and certain other project-specific information. If an existing project is being revised, the submission should reflect the project number assigned at establishment. The project name must be a descriptive title for the project, including the location if germane, facility name, and a brief description of the undertaking, similar to the following:

- Smith Building Roof Replacement
- Columbia Campus Administration Building Construction
- Midlands Cafeteria Renovation
- Pickens County Jocassee Land Acquisition
- State House Escalator Upgrades
- Campus-wide Renewal and Maintenance Projects – FY2017

Agencies and institutions located or operating in multiple locations should include the location as part of the project name; otherwise, location should be omitted. The type of work should be the last descriptor of the project name; e.g., acquisition, construction, renovation, improvement, repair or similar.

In revising existing projects, the project name should be identical to that of the previously approved Form A-1 establishing the project unless a project name change is necessary; in that case, the project name change must follow this same standard. The project name on the Form A-1 establishing the project is the official approved name of the project.

In all cases, project names should be limited to 50 characters. The Capital Budget Office may conform the project name to the above standards and limitations.

FACILITY NUMBER AND NAME

Identify the facility by number and name assigned by the agency and used by the Insurance Reserve Fund. If multiple facilities are included in the project, all facility numbers and names are to be reflected. If the project is statewide and involves most or all of the agency's facilities (for example, statewide maintenance projects), enter "Statewide" for both facility number and name.

COUNTY CODE

Select the uniform code of the South Carolina county in which the project is located. If the project covers facilities located in multiple counties, select "99" (Multiple) for the county code. If the project is statewide and involves facilities in many counties, select "00" (Statewide) for the county code.

NEW/REVISED BUDGET

Enter the new or revised total budget of the project. On establishment, enter the total amount of the budget request for the new project. On revision of an existing project, enter the revised budget amount; or, if budget will not be revised, enter the last approved budget amount.

PROJECT TYPE

Select one of the following project types that is most descriptive of the undertaking:

- Purchase Land/Buildings
- Construct Additional Facilities
- Repair/Renovate Existing Facilities/Systems
- Replace Existing Facilities/Systems
- Demolish Existing Facilities
- Site Development
- Asbestos/PCB Abatement
- Architectural and Engineering

Use of these types is strongly encouraged; however, if one of the above types is not sufficiently descriptive of the project, choose an "Other" project type and specify the type. This information must be furnished for both project establishments and revisions.

FACILITY TYPE

Select one of the following facility types that is most descriptive of the undertaking:

- Office/Administration
- Program/Academic

- Health Care/Medical
- Housing/Food Service/Laundry
- Support Services/Storage/Maintenance
- Athletic/Recreational
- Utilities
- Roads/Parking/Site Development
- Land Purchase
- Campus Wide

Use of these types is strongly encouraged; however, if one of the above types is not sufficiently descriptive of the project, select an “Other” facility type and specify the type. This information must be furnished for both project establishments and revisions.

CPIP INTEGRATION

Enter the priorities and plan year as submitted during the Comprehensive Permanent Improvement Plan (CPIP) process. If the proposed project was not included in the agency’s latest CPIP submission, an explanation of its exclusion or omission must be included in the submission’s description and justification.

PROPOSED PROJECT ACTION

Select one or more actions proposed for the submission.

Select a project action, as applicable:

- Establish Project
- Close Project
- Cancel Project

Select a budget action, as applicable:

- Increase Budget
- Decrease Budget

Select other action, as applicable:

- Change Source of Funds
- Revise Scope
- Change Project Name

Related actions should be included on the same form submission; for example, budget decreases on closing the project are often requested together. Revisions in scope should be separated from and precede budget adjustments.

PROJECT DESCRIPTION AND JUSTIFICATION

Draft a complete but succinct description of the project or revision and a justification statement, which should address sufficient detail to convey the project or revision and its scope, the necessity for undertaking the project or project revision at this time, and any alternatives considered.

A complete description and justification includes the major components of and the rationale and justification for the undertaking; estimates of major component and total project costs as appropriate to Phase; with sufficient other supporting details to convey an understanding of the size and scope of the undertaking, like among other things building square footage, acreage, and age of the subject facilities, major systems and components to be renovated, replaced or supplemented; the employees, constituents and consumers directly affected by the permanent improvement; and congruity of the undertaking with the agency’s core mission and programs. Inappropriately short descriptions and justification statements

will be returned for additional information if they are deemed insufficient to provide a clear understanding of the proposed project or project revision.

Supplemental information supporting the rationale and urgency of the project should be forwarded with the submission, including as examples letters or other narrative further explaining the project or project revision, concept drawings, maps, diagrams, and reports or notices of any deficiencies documented by regulatory authorities.

The submission should also include documentation of fund sources and evidence of current and projections of future fund balances referenced in the project description and justification, as well as award notices and pledge commitments from public or private entities or foundations. If any fund source is time-limited or conditional in any way, the submission should describe the limitations and conditions of the fund source. If alternative fund sources were considered but not included, these considerations and the rationale behind their exclusion should also be described within the description and justification.

If space on the form is insufficient, the description and justification should be continued on additional pages.

REVISIONS IN SCOPE

Submissions for revisions in scope or budgetary changes must include the full description of the project with additional details clearly describing the rationale underlying the revision or change.

OPERATING COST IMPLICATIONS

Form A-49 identifying any additional annual operating costs or savings associated with the permanent improvement must be included with all submissions.

ESTIMATED PROJECT SCHEDULE AND EXPENDITURES

Enter the projected start and completion dates, along with estimates of expenditures for the current and subsequent fiscal years.

The estimated start date is the date on which the agency expects to receive Phase I approval. The estimated completion date is the date on which the agency expects to pay final expenditures and close the project. These dates may or may not coincide with the projected dates for execution of the construction contract and completion of construction.

The estimated expenditures through the current fiscal year is the amount the agency expects to expend on the project by the end of the current fiscal year. For project revisions, this amount should include project expenditures to date, including prior fiscal years, as well as all current fiscal year expenditures. The estimated expenditures after the current fiscal year is the amount of the project budget that will be expended in fiscal years subsequent to the current fiscal year. The total of these two amounts must equal the original/revised total budget for the project reflected on page 2 of the Form A-1.

ESTIMATES OF NEW/REVISED PROJECT COSTS

Provide the project costs contemplated by the submission, categorized by the appropriate expenditure category as prescribed by the state's accounting policies for permanent improvement projects. Amounts reflected should be limited to the budget authorization requested on the Form A-1. If the authorization will be increased with additional funds later, these amounts should be updated at the time of submission for the subsequent authorization request.

The submission must include the number of acres to be purchased for land acquisitions; gross square footage of space to be purchased, constructed, renovated, or repaired; age of the existing roof for roof repairs or replacements; and costs of all equipment and materials to be purchased or replaced in connection with the permanent improvements, with costs for information technology equipment separately and specifically delineated.

Other costs not specifically provided for on the Form A-1 must be identified as one or more “Other” categories with a clear description of the expenditure category. This information must be furnished for both project establishments and revisions.

Environmental conditions and considerations including among others asbestos, polychlorinated biphenyls (or PCBs) and soil contamination must be identified along with the financial impact they will have on the project. All costs of environmental assessment, design, monitoring, abatement and remediation must be both specifically delineated and included in total estimates of the new/revised project costs.

PROPOSED SOURCE(S) OF FUNDING

Provide the sources of funding for the project establishment or revision. All amounts are to be entered in whole dollars, with increases reflected as positive amounts, and decreases reflected as negative amounts.

SOURCE

Select the proposed funding source and provide required details. For capital improvement or departmental capital improvement bond proceeds, enter the priority group corresponding to the group assignment made when the funds were approved for release. For excess debt service funds, enter the type of excess debt service. For appropriated state funds, enter the agency program source as referenced in the Appropriations Act, including the fiscal year of the appropriation, supplemental appropriation, capital reserve fund allocation, or other legislative act, along with a copy of the applicable Act, proviso or other legislative enactment. For Other Funds, enter a clear description of the source.

PREVIOUSLY APPROVED AMOUNT

Enter the total of any amounts previously approved from prior submissions; otherwise, leave blank.

PROPOSED INCREASE/DECREASE

Enter the amount of the proposed revision to any amounts previously approved from prior submissions; otherwise leave blank.

ORIGINAL/REVISED BUDGET

The amount of the proposed budget to be established or resulting from revision. If a project is being established, enter the proposed budget for the new project. If a project budget is being revised, enter the sum of the previously approved amount and the proposed increase/decrease. If a project revision does not include a budget increase or decrease, enter the same amount as the previously approved amount.

TRANSFER TO/FROM PROJECT

If the project is being established or increased by transferring funds from another active project, enter the project number from which the funds are being transferred. If the project is being decreased to transfer funds to another project, enter the project number to which the funds are being transferred.

Multiple transfers can be submitted on the same Form A-1, provided that only one project number may be the subject within any one fund source; otherwise, one Form A-1 is required for each amount transferred to or from any project to or from any one fund source.

REVENUE GENERAL LEDGER ACCOUNT

Select, enter or verify the revenue general ledger account in accordance with the Office of Comptroller General’s Revenue General Ledger Account Definitions published under the topic “General Ledger Guidance” at <http://www.cg.sc.gov/guidanceandformsforstateagencies/Pages/CGsAPP.aspx>

Revenue general ledger accounts are pre-populated on the Form A-1 for many of the most common fund sources. For less common sources of funds, select the appropriate revenue general ledger account based on the characteristics of the project and funding source. The revenue general ledger account is required for all fund sources for the submission.

TREASURER’S IDENTIFICATION NUMBER

Select, enter or verify the Treasurer’s identification number assigned by the Office of State Treasurer.

Treasurer's identification numbers may be pre-populated for more common sources of funds; otherwise, the Office of State Treasurer assigns a Treasurer's identification number appropriate for the circumstance and source. In the event that the Treasurer's identification number is not pre-populated, contact the Office of State Treasurer for guidance. For existing project revisions and transfers of funds, enter the previously assigned Treasurer's identification number.

REVENUE FUND

Select, enter or verify the fund from which revenues for the project will be derived.

Revenue funds are pre-populated on the Form A-1 for many of the most common funds. For less common sources of funds, select the appropriate revenue fund based on the characteristics of the project and source of funds.

EXPENDITURE FUND

The funds from which expenditures in connection with the project will be made are pre-populated on the Form A-1 and require no further action on submission.

SUBMITTED BY

An authorized official of the agency making the submission must sign and date the Form A-1. Unsigned forms will be returned to the agency.

APPROVED BY

Reserved for the South Carolina Department of Administration. Once the submission has received requisite reviews and approvals, the Department of Administration's executive director or designee will sign the Form A-1, indicating approval of the submissions and authorizing the agency to proceed with the requested action.

SECTION 4: SPECIAL PROCEDURES

Procedures and requirements vary by type of proposed permanent improvement. These procedures and requirements, and the circumstances under which they are applicable, are discussed below.

PHASE I AND PHASE II PROCEDURES FOR CONSTRUCTION AND RENOVATION PROJECTS

Proposed permanent improvement projects for construction or renovation are reviewed and approved in two phases. The phased approach to the review and approval process promotes informed planning to mitigate budget adjustments arising as a consequence of cost overruns and scope changes.

Phase I proposals for permanent improvements are limited to pre- and limited design services. Phase II establishes project scope and budget, and extends authorization for complete design and construction or renovation, following completion of the services authorized in Phase I.

The phased review and approval policy established by the Joint Bond Review Committee is included as Appendix G.

PHASE I: PRE-DESIGN

All proposed construction and renovation projects first must be established for pre- and limited design services before committing to the full design and establishment of the construction budget. During this phase, design will generally be completed through the schematic design phase in order to establish project scope and conceptual design, and to develop informed cost estimates. The Phase I pre-design includes programming services, space schematics, existing facility surveys, site analysis, and design services through concept design.

The budget for Phase I generally is determined at 1.5% of the internally projected cost of the project, and is expected to be sufficient to accommodate all pre-design work, including any costs associated with work required for buildings that must comply with green building standards and any geotechnical studies that may be needed. Any request to establish a pre-design project for an amount exceeding 1.5% of the internal projected cost of the project must be accompanied by a justification statement explaining the rationale for the exception.

Approval of the Phase I pre-design project does not guarantee approval of the Phase II project or construction budget; rather, completion of the Phase I pre-design services is a condition of establishing the Phase II full design and construction budget. Requests for review and approval of Phase I permanent improvement proposals must include all costs for services to be performed in that phase.

PHASE I EXTENSIONS

By policy adopted August 8, 2013, all Phase II Full Design and Construction permanent improvement project requests must be submitted for approval by the Joint Bond Review Committee within two years of the Phase I Pre-Design approval. A request for extension must be submitted for consideration by the committee for any project that has not been submitted for Phase II Full Design and construction within two years of the Phase I Pre-Design approval with a full explanation of the reasons Phase II has been delayed.

If a request for extension is granted by the committee and the project is not submitted and approved for Phase II within two years of approval of the extension, the project must be closed or a further request for extension must be submitted for committee consideration.

PHASE II: FULL DESIGN AND CONSTRUCTION

The Phase II full design and construction submission is a request for review and approval of engaging professional services to prepare complete design and construction documents and to undertake

construction. The submission must be supported by a complete program statement, a statement of the scope of work, concept design documents, an estimate of the cost prepared by a party independent of the agency/institution, the projected date for execution of the construction contract and projected date for completion of construction, and all other information required on the Forms A-1 and A-49.

The agency/institution must specify a date certain for execution of the construction contract at the time of Phase II submission. In the event of a protest of a bid award, the requirement to execute a construction contract is suspended until the protest is resolved; however, the agency must notify and provide monthly updates to the Capital Budget Office until the protest is resolved. In any event, if the construction contract has not been executed as specified at the time of submission, the agency/institution must report to the Capital Budget Office the reason(s) for the delay and its impact on the project's costs and funding. The Capital Budget Office will provide these reports to the Joint Bond Review Committee as they are received.

Phase II submissions must address energy savings and conservation measures that will be incorporated into the project. Phase II submissions integrating these measures must include the findings of a cost-benefit analysis reflecting the anticipated energy savings over the life of the project. Energy Conservation and Certification Standards is a covered topic in this section.

HIGHER EDUCATION REVIEW BY COMMISSION ON HIGHER EDUCATION

A review and recommendation by the Commission on Higher Education is required for each submission made by state institutions and technical colleges prior to review by the Joint Bond Review Committee.

SPECIAL PROCEDURES BY FUNDING SOURCE

Additional procedures, requirements and considerations are applicable to certain projects based on the funding source or sources used.

CAPITAL IMPROVEMENT BOND FUNDS

Section 2-47-35 of the Code of Laws specifies that no project authorized for any capital improvement bond funding can be implemented until funds are made available and until the Joint Bond Review Committee, in consultation with the State Fiscal Accountability Authority, establishes priorities for funding of the projects. To comply with this law, a schedule for the spend-out of bond funds may be prepared every six months for periods running from July through December and January through June, each such period established and referenced as a priority group.

The priority group release schedule specifies the amount of authorized bond funds available for draw for each six-month period, and must be approved by the Joint Bond Review Committee and the State Fiscal Accountability Authority prior to the release of any bond funds for "new start" projects in each priority group. Unless otherwise directed, draws in subsequent periods, or "trailing draws", for new start projects are considered available without further action of the Joint Bond Review Committee or the State Fiscal Accountability Authority, but remain subject to rescheduling every six months.

Agencies are not permitted to establish any project using Capital Improvement Bond funds until the project has been approved as a new start project for a specific priority group release period.

CONTINGENCY REVOLVING FUNDS

The Contingency Revolving Fund is a special source of capital improvement bond funds, when available, to finance emergency permanent improvement repair and replacement projects. All agencies, with the exception of the institutions of higher education and the Departments of Mental Health and Disabilities and Special Needs, can request funds from this account, but unanimous favorable review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority is required for use of these funds.

Requests for use of contingency revolving funds are made by submitting a Form A-1 to the Capital Budget Office. The submission must justify the emergency circumstance and urgency, along with a discussion of alternative funding sources considered but unavailable to meet the emergency need. Requests are generally considered by the Joint Bond Review Committee and the State Fiscal Accountability Authority at their next scheduled meetings.

DEBT FINANCING

By policy adopted October 7, 2014, if an agency or institution submits a request that would result in the addition of bond funds to the project budget, regardless of type of bonds added, the request for approval of the permanent improvement project as well as the request for the bond funds must be presented as a single, separate agenda item for review by the Joint Bond Review Committee. The agency or institution must submit documentation that includes the following supplemental information.

AMOUNT AND TYPE OF BOND

Provide the principal amount, the legal or common description of the bond class, and statutory reference authorizing the indebtedness.

REVENUES PLEDGED TO PAY DEBT SERVICE ON THE BOND

Documentation must reflect total revenues for the prior fiscal year from the source of funds pledged to pay debt service on the bond; other obligations of that source of funds, including debt service requirements on all existing, authorized and proposed bonds; and integrated requirements for any bond requests submitted for multiple projects against the same funding source presented at the same meeting.

This data must be submitted in two charts:

- A chart of debt service reflecting existing debt service; debt service on authorized but unissued bonds, segregated by principal and interest components; debt service on other bonds presented contemporaneously for consideration at the same meeting, segregated by principal and interest components; debt service on the proposed bond issue segregated by principal and interest components; and total, composite debt service.
- A chart of coverage for all fiscal years over the life of the bond reflecting composite debt service; revenues pledged to debt service; the coverage ratio based on pledged revenues; pro forma pledged revenues; and pro forma coverage ratio.

NEW REVENUE GENERATION

Describe new revenues to be generated by the facilities constructed, including both one-time and recurring revenues. These revenues are to be incorporated into the chart of coverage referenced above.

OTHER FUNDS AVAILABLE TO PAY BONDS

Describe any other funds on deposit or otherwise available to repay the bonds, and whether or not they are pledged to the payment of debt service.

STATEMENT OF OBLIGATION

Provide a statement addressing all of the following, whether:

- Any special student fee is currently being imposed, increased contemporaneously with issuance, or contemplated for increase in the future to pay or offset debt service requirements of this or future bonds;
- The full faith and credit of the state are being pledged to the payment of the bond; and
- Whether any mortgage or lien has been or will be given on any real property or improvements owned by the state or the agency.

The documentation required by this policy must be forwarded to the Capital Budget Office with the Form A-1 and other documentation supporting the request.

PERMANENT IMPROVEMENT PROJECTS FINANCED THROUGH ARRANGEMENTS WITH THIRD PARTIES

By policy adopted September 13, 2016, if an agency or institution contemplates entering into one or more leases, contracts, or agreements in connection with a permanent improvement project for facilities that will be funded, constructed, acquired or otherwise improved for, through or on behalf of the agency or institution by any third party (whether or not related to the agency or institution, including without limitation a foundation, other non-profit, private entity or conduit issuer); or expects to occupy or undertake financial or performance obligations to any related or unrelated third party in connection with a facility constructed, acquired or otherwise improved or situated on state property, the request for review must be presented to the Committee as a single, separate agenda item. The agenda item must include a summary of all components associated with the project for the Committee's information, and each action required of the Committee must be clearly identified.

In order to promote the Committee's ability to make a fully informed decision, the agency must submit documentation that includes

- All leases, contracts, trust indentures, resolutions and agreements to be executed among the parties to the transaction, regardless of cost or value;
- All documentation as applicable for bond approvals pursuant to Joint Bond Review Committee policy adopted on October 7, 2014 and amended on September 13, 2016 (see Debt Financing, above);
- An executive summary, including identification of each principal to the transaction and their role therein;
- All consultants and advisors, their roles therein, and the process by which their services were procured and engaged;
- The purpose of each lease, contract, trust indenture, resolution and agreement, and a summary of its provisions;
- The financial obligations of the parties under each of the documents; the financial resources from which each party will make its payment obligations;
- A summary of all covenants, responsibilities or undertakings, financial and otherwise, and their provisions for enforcement, recourse and remedy in the event of non-performance or non-compliance;
- A summary and comparison of each alternative considered by the agency or institution, and the rationale and justification for selection of the alternative presented for Committee review, including without limitation financial and non-financial considerations, and transaction costs, including comparative interest costs and professional fees;
- Each specific action or review requested of the Committee (including statutory reference or Committee policy); and
- Any additional information requested by the Committee or staff on its behalf.

CONSTRUCTION-RELATED GIFTS

Construction-related gifts valued at \$100,000 or more must be established as permanent improvement projects on Form A-1. Procedures vary depending on the value of the gift.

Each state agency and institution may accept gifts in kind for architectural and engineering services and construction with a value less than \$250,000, subject to favorable review of the research director of the Joint Bond Review Committee and approval of the Director of the Procurement Services Division of the State Fiscal Accountability Authority. Higher education institutions must also make a submission to the Commission on Higher Education or its designated staff for its recommendation prior to review by the Joint Bond Review Committee. No other approvals or procedural requirements, including the provisions of Section 11-35-10, are imposed on the acceptance of such gifts.

Acceptance of gifts in kind for architectural and engineering services and construction of \$250,000 or more require favorable review by the Joint Bond Review Committee and approval of the State Fiscal

Accountability Authority. Higher education institutions must also make a submission to the Commission on Higher Education for its recommendation.

In either case, the agency or institution must submit a Form A-1 to the Capital Budget Office providing a description of the gift and its value (which becomes the project budget), identifying the donor, and describing the reason for the gift. A copy of the written agreement with the donor executed by the donor and the recipient must be attached. Higher education institutions must submit the Form A-1 to the Commission on Higher Education prior to review by the Joint Bond Review Committee. The Form A-1 must be accompanied by a Form A-49 reflecting annual operating cost impact associated with the gift.

THIRD PARTY IMPROVEMENTS ON STATE-LEASED AND OTHER STATE-OWNED FACILITIES

Renovations and other alterations on state-leased or other state-owned facilities are reviewed on a case by case basis in consultation with the research director of the Joint Bond Review Committee. Such reviews are guided in part and in principle by the policies established for construction-related gifts.

BUDGET TRANSFERS BETWEEN PROJECTS

Agencies requesting transfers of funds between projects must ensure that sufficient funds remain for completion of the project from which the transfer is to be made. Moreover, agencies must ensure that the most recent SPIRS reports reflect sufficient funds, and must provide a current financial report evidencing availability of fund balances, to accommodate the transfer.

Such fund sources as capital improvement bonds, institution and revenue bonds, excess debt service and capital reserve funds must be verified with the Office of State Treasurer's debt management reports to ensure sufficient funds are available to support the transfer. Any discrepancies in balances among these systems and the agency's transfer request must be resolved prior to submitting to the Capital Budget Office any Form A-1 covering the transfer.

ENERGY CONSERVATION AND CERTIFICATION STANDARDS

Section 48-52-830 of the Code of Laws establishes requirements and standards for energy conservation and certification applicable to major facility projects involving state-funded new construction, renovations and commercial interior tenant improvements.

Construction budget submissions subject to these standards and policies must include the findings of a cost-benefit analysis, which must be submitted with the A-1. Accordingly, agencies must include the anticipated costs of the analysis as a part of its Phase I pre-design submission; the pre-design budget must be sufficient to cover this cost for eligible construction and renovation projects. In the event that the pre-design budget exceeds 1.5% of the internal estimated cost solely as a consequence of the cost-benefit analysis, a statement must be included on the Form A-1 for Phase I pre-design stating that fact.

The cost-benefit analysis must be submitted with the Form A-1 for Phase II establishing the construction budget for any project incorporating energy conservation measures that will be certified. The cost-benefit analysis should be complete but succinct and must clearly summarize the estimated costs associated with certification and the estimated life-cycle savings over a 30-year period or the life of the building that is the subject of the certification. Costs should be delineated by types of conservation measures, including among others as applicable sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor air quality. Likewise, savings should be delineated by types of savings, including among others as applicable utilities and others. The analysis must clearly reflect the cost of certification and the anticipated savings expected to result from it, the difference of which is the cost benefit. Agencies should be prepared to provide information used to determine the cost-benefit analysis in the event it is requested.

PROJECT COMPLETION AND CLOSING

All projects must be closed by a Form A-1 submission. Project closing is conditioned on among other things a project balance of zero and a final project budget equivalent to final project expenditures.

Moreover, coordination and reconciliation is required among all of the offices and systems that monitor project authorization, budget and expenditures.

SPIRS SYSTEM EXPENDITURES

Any expenditure exceptions reflected on the SPIRS system must be documented and cleared prior to closing. Correcting entries vary by exception and time of occurrence; accordingly, all corrections must be addressed in writing to the Capital Budget Office. Requests for correction must include at a minimum the project number, a description and amount of the adjustment, and source of funds or expenditure fund and general ledger or object code(s) to be adjusted.

Projects generally should not be closed until the agency has completed a final verification of the SPIRS project report against its internal expenditure records. Closing procedures are greatly facilitated whenever agency expenditures are reconciled each month with SPIRS project reports, and adjustments are processed as their necessity is identified.

BUDGET ADJUSTMENTS

Budget adjustments may be required for alignment with actual expenditures so that the overall project balance equals zero. A Form A-1 may be required to support such adjustments.

FUND BALANCES HELD BY THE OFFICE OF STATE TREASURER

If the budget for the project to be closed includes such fund sources as capital improvement bonds, institution and revenue bonds, excess debt service and capital reserve funds, those sources must be verified with the Office of State Treasurer's debt management reports to ensure sufficient funds are available to support any budget or actual adjustments or balance transfers to other projects.

EMERGENCY PROCUREMENTS

Agencies should submit a Form A-1 as soon as practicable following emergency procurements if the subject of the procurement otherwise meets the definition and criteria requiring establishment of a permanent improvement project. While there is general commitment to heightened responsiveness throughout the review and approval processes for genuine emergencies outside of agency control, there are no formal statutory or policy exemptions to the review and approval processes for permanent improvements established as a consequence of such circumstances.

Agencies are encouraged to exercise their best judgment commensurate with the circumstances, particularly in cases of life safety, with notification to the Capital Budget Office and respective staffs of the Joint Bond Review Committee and State Fiscal Accountability Authority as soon as prudent and practicable following the actions taken to address the emergency.

SECTION 5: PROCEDURES FOR APPROVAL OF PERMANENT IMPROVEMENT PROJECTS

The Joint Bond Review Committee, created under Section 2-47-20 of the Code, is charged with among other things reviewing the establishment of any permanent improvement project and the source of funds for any such project not specifically authorized by the General Assembly. Following this review, the State Fiscal Accountability Authority must formally establish each permanent improvement project before any action to implement the project is undertaken.

Both the Joint Bond Review Committee and the State Fiscal Accountability Authority have adopted policies, procedures and agreements to facilitate the review and approval processes depending on the characteristics of the undertaking and certain dollar thresholds.

The Commission on Higher Education is charged with conducting a review and making a recommendation for permanent improvement projects undertaken by state institutions and technical colleges prior to review by the Joint Bond Review Committee.

The Capital Budget Office coordinates the review and approval processes, and provides guidance for institutions and agencies in the establishment and maintenance of permanent improvement projects. Forms, instructions and other guidance are generally available on the Capital Budget Office website at <http://admin.sc.gov/budget/capital-budget-office>.

The Capital Budget Office also publishes and maintains a summary of common submission types and the levels of review and approval required for each type and threshold. The summary follows, and is current as of the publication date of this manual. The most current version is accessible on the website of the Capital Budget Office.

PROJECT APPROVALS AND DISTRIBUTION OF FORMS A-1

Approval of any Form A-1, regardless of submission reason, is evidenced by the signature of the Department of Administration. Copies of approved submissions are forwarded to the agency making the submission, the Office of State Engineer, the Office of Comptroller General, and the Office of State Treasurer.

Capital Project Required Approval(s) by Transaction Type

Transaction Type	Approval(s) Needed			
	JBRC Staff	JBRC Full	SFAA	ADMIN
Cancel a Project				*
Change Project Name (doesn't meet JBRC criteria)				*
Close a Project				*
Decrease a Project Budget				*
Establish a Project (State Agency):				
- Legislatively Authorized (any amount)				*
- Greater than \$100k but Less than \$250k	*			*
- Greater than or equal to \$250k but less than \$1m		*		*
- Greater than \$1m		*	*	
Establish a Project (Higher Ed):				
- Legislatively Authorized (any amount)				*
- Less than \$1m (work on existing facilities)		PIP Not Required		
- Greater than \$1m (work on existing facilities)		*	*	
- Greater than \$500K (new construction)		*	*	
Increases: (within threshold limits established by JBRC/SFAA)				
- Increase Budget (Legislatively-Authorized Project)				*
- Increase due to Transfer (up to 10%)				*
- Increase Budget (revised total project cost less than \$250,000)	*			*
- Increase Budget (revised total project cost exceeds \$249,999 to \$999,999)		*		*
- Increase Budget (revised total project cost exceeds \$999,999)		*	*	
Land Acquisitions:				
- Less than \$250k	*			*
- Greater than or equal to \$250k but less than \$1m		*		*
- Greater than \$1m		*	*	
Scope Revisions:				
- Project Greater than \$10m and Square Foot Change of 20% or more		*	*	
- Project Less than or equal to \$10m and Square Foot Change of 30% or more		*	*	
- All other that don't meet JBRC criteria				*
Source of Funds Changes (State Agencies):				
- Less than \$100k				*
- Between \$100k and \$250k	*			*
- Greater than \$250k		*		*
Source of Funds Changes (Higher Eds):				
- Less than \$100k and no tuition/fee increase				*
- Between \$100k and \$500k with no tuition/fee increase	*			*
- Greater than \$500k or any amount with tuition/fee increase		*		*
Transfers: (within threshold limits established by JBRC/SFAA)				
- Up to 10% between Projects				*
- Greater than 10% between Projects	*			*

SECTION 6: COMPREHENSIVE PERMANENT IMPROVEMENT PLAN

BACKGROUND

Section 2-47-55 of the S.C. Code of Laws requires all state agencies responsible for providing and maintaining physical facilities to submit a Comprehensive Permanent Improvement Plan (CPIP) to the Joint Bond Review Committee and the State Fiscal Accountability Authority. The CPIP must include all permanent improvement projects anticipated and proposed by the agency over the next five years, beginning with the fiscal year starting July 1 after submission. The purpose of the CPIP process is to provide the committee and the authority with an outline of each agency's permanent improvement activities for the next five years. Higher education institutions, including technical colleges, must also submit the CPIP to the Commission on Higher Education in accordance with the statute. The Capital Budget Office coordinates this process on behalf of the committee and the authority.

GENERAL GUIDANCE

The CPIP includes all permanent improvement projects contemplated for the years covered by the plan regardless of the sources of funds expected to finance them. Except for the first year of the plan, the CPIP includes projects for which funding is anticipated to be made by the agency from its own sources or for which funding will be requested from the General Assembly. Submissions must clearly reflect and distinguish any previously appropriated state funds from state funds that are expected to be requested from the General Assembly. Since the CPIP is a planning document, projects expected to be funded by appropriated or authorized state funds should be included in the plan; however, the CPIP process is not the vehicle for requesting them; rather, requests for funding permanent improvements will be made in conjunction with the agency's formal operating budget request.

The CPIP submission should be a reasonable expectation of project proposals, especially with respect to projects dependent on state appropriated funds. The CPIP should reflect agencies' reasonable assessments of its essential capital needs and not a wish list.

SUBMISSION EMPHASIS

YEAR 1

Year 1 of the CPIP is the immediately ensuing fiscal year following submission and should include only those projects and budget increases for which the agency has certainty of funding. These submissions should reflect the full project budget without regard to the Phase I (predesign) and Phase II (full design and construction) processes. Furthermore, Year 1 projects should reflect the actual source of any state appropriations (e.g., capital reserve, supplemental or direct appropriations). Existing projects (including Phase I projects that have not yet received Phase II approval) should be included in Year 1 if the agency is requesting an increase in budget authorization, provided funds are available to support the increase.

YEARS 2-5

Year 2 is the immediately ensuing fiscal year following Year 1 and must be clearly described and closely harmonized with the agency's operating budget request for that year. It is especially important that projects which are proposed to be financed by state appropriated funds be fully and clearly described for Year 2. Agencies should work closely with their management and budget staffs to ensure the CPIP submission is consistent with their capital and operating budget requests for the Year 2 budget year.

Projects proposed for Years 2-5 of the plan should be reasonable, particularly if those projects involve funding from appropriations that must be authorized by the General Assembly. To that end, agencies should be prepared to identify alternative sources in the event that appropriations are not made available by the legislature. Furthermore, funding dependent on appropriations in these years, including requests for capital improvement bonds, capital reserve funds, supplemental appropriations and any other

appropriation-dependent funds should reflect the general category “State Funds – Appropriations,” without regard to a specific source since such appropriations are the exclusive prerogative of the General Assembly.

Projects proposed for Years 3, 4 and 5, particularly where projects are in a preliminary phase of development, should include as much detail as is reasonably available, including at a minimum a cost estimate and an indication of the sources of funds contemplated to finance the project.

SUBMISSION COORDINATION WITH COMMISSION ON HIGHER EDUCATION, STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION, AND DIVISION OF FACILITIES MANAGEMENT

Universities, colleges and technical colleges should submit their CPIPs contemporaneously to the Capital Budget Office, the Commission on Higher Education, and the State Board for Technical and Comprehensive Education, as appropriate. Submissions for construction projects managed by the South Carolina Department of Administration’s Division of Facilities Management and Property Services, formerly the Division of General Services, should be coordinated with that division to avoid overlap and duplication.

SUBMISSION

Submissions and responses must be made by email directly to the Capital Budget Office (CPIP@admin.sc.gov) using the prescribed Excel summary and detailed project worksheet templates, without alteration. Submissions and responses by Higher Education Institutions also should be forwarded to the South Carolina Commission on Higher Education’s Division of Fiscal Affairs and the SC Technical College System’s Division of Finance, as appropriate.

The CPIP process contemplates completion by the agency of one summary worksheet reflecting the number of project worksheets to accompany the submission, and one or more project worksheets prepared for each project, the collective of which will become the agency’s submission. The Capital Budget Office compiles the separate files into a standardized reporting package for each agency and review body.

The only acceptable form of submission is by Excel spreadsheet in the format prescribed, without alteration. Each detailed project worksheet should be submitted in a separate Excel file to facilitate processing and avoid rejection of the submission. Files may be saved and submitted using any file name that is meaningful to the agency; however, the Capital Budget Office recommends including the SCEIS Business Area/Agency Code and the Agency Reference in the file name to facilitate communication (See “Agency Reference” below).

Paper copies are not required; however, agencies must scan and email a signed copy of the CPIP summary worksheet containing the agency director’s signature in addition to the email submission. To the greatest extent possible, agencies should adhere to the codes and descriptions pre-populated in the worksheets to facilitate production of a standardized, comprehensive report. These codes and descriptions have been compiled from this guide and prior submissions; however, if agencies discover that the pre-populated information does not adequately address their unique situation, they should contact the Capital Budget Office for guidance and resolution.

No supplementary or supporting documentation is required for submission during the initial phase of the CPIP process. Further information may be requested during or following the review, prioritization and publication processes.

PREPARATION INSTRUCTIONS

As noted above, submissions and responses must be made using the provided Excel template, without alteration. The emphasis of the refined CPIP process is on data collection in a format that will facilitate a standardized reporting process while easing the burden of preparation on agencies required to make a

submission. The review and evaluation processes depend on succinct but sufficient information to promote an understanding of the request by those who will receive the report. Additional guidance follows.

CPIP SUMMARY WORKSHEET

This worksheet contains the required certifications by the agency director, lists the primary and secondary contacts for the submission, and is the document to be used in submitting a negative report. It also serves as a manifest that the Capital Budget Office will use to confirm receipt of all project worksheets submitted by the agency.

In preparing the CPIP summary worksheet, note that the agency head and chief financial officer must certify that all funds available to the agency from its own sources or capabilities for financing permanent improvements have been applied to the projects proposed in the plan (such funds including bonding authority, grant funds, revenues and any other available sources). The CPIP summary worksheet also requires the agency head and chief financial officer to certify for Year 1 that the funds projected for expenditure on projects are or with reasonable certainty will be available to the agency during the year.

CPIP PROJECT DETAIL WORKSHEET

GENERAL

A separate project detail worksheet must be prepared and submitted for each project proposed. For Higher Education Institutions, projects included should meet the definition of a permanent improvement project under Section 2-47-50 of the Code. For other agencies, projects included should meet the definition of a permanent improvement as defined in this guide. Proposed land acquisition projects, regardless of amount, must be included by all agencies and institutions.

Projects included for Year 1 should not include any funding requests but should include major budget increases to existing projects. If budget increases are included in Year 1, the project number must be included on the worksheet (See “Agency Reference” below). Projects included in Year 2 should correspond to the projects that the agency anticipates including in its Capital Budget request to be submitted in conjunction with its operating budget request, as well as any projects for that year that will be funded with agency fund sources. If appropriated funds will be requested for Year 2 in conjunction with the agency’s operating budget request, the requested source must be identified as “State Funds – Appropriations.”

AGENCY INFORMATION

Enter the agency or institution’s name and SCEIS business area at the top of the page. Submissions by universities and colleges with multiple campuses or operating entities must reflect the SCEIS business area assigned to that campus or entity. Colleges in the SC Technical College System must reflect the SCEIS business area assigned to that college.

PLAN YEAR

Select the fiscal year during which the project is proposed.

AGENCY REFERENCE

If this project submission seeks additional funding, authorization or any other update to an existing project with a previously assigned SPIRS Project Identification number, enter the SPIRS Project Identification number. Otherwise, please choose an identifier of up to 10 digits that is meaningful to the agency, composed of numbers, characters or a combination thereof. This identifier may be used as a reference for future updates, resubmissions in future years and other references to the proposed project until a SPIRS or other permanent identifier is assigned by the Capital Budget Office.

SUBMISSION TYPE

Select a submission type for this project. If more than one category applies, choose the most descriptive type.

PROJECT NAME

Enter a brief but descriptive name for the proposal. If the agency operates at more than one location, specify the campus or location, the name of the facility if work on an existing facility is proposed, and a brief description of the work to be undertaken.

PRIORITY

Enter a priority for both the plan year and the plan overall, along with the total number of projects proposed within the plan year and within the plan overall. Priority assignments should not be duplicated within a plan year or within the plan overall; in other words, rank all projects by plan year, and then separately rank all projects for the entire plan without regard to plan year.

PROJECT TYPE

Enter the project type(s) and percentage of the total project cost in 5 percent increments. Amounts allocated among multiple projects should be made on a basis proportionate to that project type's contribution to total project costs.

FACILITY TYPE

Enter the facility type(s) and percentage of the total project cost in 5 percent increments. Amounts allocated among multiple facility types should be made on a basis proportionate to that facility type's contribution to total project costs.

DESCRIPTION, JUSTIFICATION AND ALTERNATIVES CONSIDERED

Enter a complete but succinct paragraph explaining the proposed project and its justification. The scope of the project, such specifics as the square footage of building space to be constructed or renovated, acreage to be acquired, age of existing facilities or facility components, and an estimate of the projected total cost of the project should be included. The total projected cost should take into consideration the final expected project budget to accomplish the purposes for which the project is established. If an architecture and engineering (A&E) project is proposed, it should include the final projected cost through construction.

If a project is phased, it should include the cost of all phases. If the submission includes an adjustment in the current authorization or budget, clearly explain the factors underlying the revision. The justification should identify the specific needs to be met by the project, how the project relates to the trends in demand on the agency, any deficiencies in the facility that will be addressed by the project, the project's interdependencies on or with other projects, if any, and the rationale and urgency of the request. Include any alternatives to the project that have been considered by the agency, including delays in implementation, leasing space or co-locating with other agencies, among others. Moreover, the submission should indicate the consequences or implications of any decision not to fund or approve the project.

Note that while the project description, justification and alternatives considered may exceed the visible limits of the worksheet, the entire paragraph will be saved in the worksheet and captured whenever the statewide report is compiled. Also note that while formatting is limited within worksheet cells, multiple paragraphs may but need not be entered. New paragraphs within a cell are accomplished by a using a key combination of Alt-Enter (or Alt-Return on some keyboards).

Normal sentence case and paragraph formatting should be used, and use of among other custom formatting like all capital letters, tabular and grid formats should be avoided. The data collection process does not support highly customized or formatted narrative.

ESTIMATED PROJECT COSTS

Estimates of each category of project costs should be itemized in this table, based on information available to the agency. In prior years, details for square footage of building space to be purchased, constructed or renovated; acreage of land to be purchased; costs for information technology equipment and materials; and roofing age for roofing projects were included as part of the estimated project costs section. The CPIP process now contemplates incorporation of these details, if applicable, into the project Description, Justification and Alternatives section described above.

FUND SOURCES

Sources of funds proposed for the project should be itemized in this table. For Year 1 projects, funding must include only sources which are already available or expected to be available to the agency and should not include any funds which are being or will be requested from the General Assembly. For all other years, funding should include sources which are available or are expected to be available to the agency, as well as sources which may be requested from the General Assembly. In addition to identifying the committed or expected source of funds, choose a best representative status for the fund source, using the following guidelines:

- Initial Request status represents a fund source for which appropriation or authorization is being sought for the first time in a CPIP.
- Previously Requested status represents a fund source for which appropriation or authorization has been sought in a prior year CPIP or permanent improvement project request but for which appropriation or authorization has not yet been made or approved.
- Previously Approved status represents a fund source for which appropriation or authorization has been previously sought in a prior year CPIP or permanent improvement project request and for which appropriation or authorization has since been made or approved.
- Fully Collected/Committed status represents a fund source sufficient to fund the project to the extent proposed.
- Partially Collected/Committed status represents a fund source for which only partial funding is available and committed to the extent proposed.
- Transfer Previous Authorization status represents a fund source previously appropriated or authorized for another permanent improvement project for which authorization will be sought to transfer uncommitted funds for the proposed permanent improvement project.

ANNUALIZED OPERATING BUDGET IMPACT

An estimate of average Annualized Operating Budget Impact must be itemized for Year 1 and Year 2 projects, including the Fund Group impacted and the period over which the impact is expected to occur. To the extent that estimates are available for any other plan years, they may be itemized and included but are not required.

PROCESS REFINEMENTS

CPIP submissions in prior years included certain narrative and summary information that are no longer collected in the submission process, including a narrative summary of the five-year plan, condition and adequacy of existing facilities and maintenance needs, approach to maintenance, plans for replacement and additions, and a general theme of the CPIP submission. While this information is important and may be included within the narrative and justification of project submissions, it is no longer separately collected in the initial phase of the CPIP process. Moreover, certain financial summaries included in prior years are derived and aggregated from detailed submissions and presented at the agency and other summary levels in the production of the statewide plan; accordingly, these presentations are omitted from the data collection process.

While these requirements have been excluded from the process, nothing pre-empts or precludes agencies providing supplemental or additional information they deem to be integral to or instructive about their

plans. If such data is provided, it is maintained with the agency submission and made available as requested during the review and evaluation processes. Such information should be provided in electronic form to facilitate distribution and minimize the need to accommodate paper retention.

DUE DATE

Submissions are due to the Capital Budget Office of the Department of Administration by June 30.

SECTION 7: REAL PROPERTY ACQUISITIONS

By statute, all acquisitions of real property are permanent improvement projects, regardless of cost, and must be reviewed by the Joint Bond Review Committee and approved by the State Fiscal Accountability Authority in accordance with their respective policies, procedures and agreements. Acquisitions of real property are generally classified as purchases, donations, or exchanges.

PURCHASES

Agencies proposing to acquire real property must establish a permanent improvement project for a preliminary land acquisition by submitting a Form A-1 and requisite supporting documentation to the Capital Budgeting Office.

Once the submission is approved, a preliminary land acquisition authorizes the agency to spend up to \$20,000⁸ to cover the cost of appraisals, environmental studies, building condition assessments, land surveying services and any other investigative studies required to adequately evaluate the property prior to purchase. Additionally, earnest money needed to bind a contract for the purchase of real property may also be expended from the amount approved for the preliminary land acquisition, provided that any earnest money must be refunded to the State in the event that the purchase is not approved, or applied to the purchase price in the event that the purchase is completed.

The South Carolina Department of Administration is authorized to establish preliminary land acquisition projects for acquisitions that do not exceed a total project cost of \$250,000, subject to review by staff of the Joint Bond Review Committee. If the cost of the preliminary studies is expected to exceed \$20,000, or the total project cost is expected to exceed \$250,000, further review is required by the Joint Bond Review Committee, and the Department of Administration or State Fiscal Accountability Authority, depending on total cost. Approval of the preliminary land acquisition does not constitute authority to proceed with acquisition of the land or building.

All property purchases require an appraisal and a Phase I environmental study to be conducted on the subject property prior to review and approval by the Joint Bond Review Committee, its staff, and the State Fiscal Accountability Authority. If the acquisition includes any building contemplated for occupancy by state employees or the public, a Phase I building condition assessment is also required.

APPRAISAL

The appraisal must be made by a State Certified Appraiser, although an MAI appraiser is preferred. Appraisal services are exempted from the requirements of the Consolidated Procurement Code; accordingly, the agency may select the state-certified or MAI appraiser of its choice. The appraiser should have prior experience and expertise in appraising the type of property under consideration, and the appraisal must conform to the "Uniform Standard of Professional Appraisal Practices." The appraisal must be submitted in original form along with the Final Land Acquisition Request to the Capital Budget Office. The appraisal must be dated within one year of the submission; otherwise, the appraisal must be updated to ensure the market value is current. Since appraisal formats vary within the industry, agencies are encouraged to contact the Capital Budget Office to ensure that the appraisal will adequately support the submission. A complete, self-contained appraisal is generally required. The Capital Budget Office will forward the appraisal to the Division of Facilities Management and Property Services for review and recommendation.

ENVIRONMENTAL STUDY

A Phase I environmental study must be conducted by a consultant approved by the Office of State Engineer, which makes available a list of firms qualified to perform environmental studies for state land

⁸ Costs exceeding \$20,000 must be delineated in detail and justified.

acquisitions on its website at <https://procurement.sc.gov/construction/ose-contracts>. The Phase I environmental study must conform to the requirements published by the Office of State Engineer at https://procurement.sc.gov/files/SFAA_Policy_for_Obtaining_Environmental_Studies_for_Land_Acquisition_2015.pdf. The agency should consult with the Office of State Engineer for other requirements applicable to the contract for environmental services, particularly in connection with the State Engineer's small A&E contract procedure. If the property under consideration contains any building, an asbestos survey with an estimated abatement cost must be furnished with the submission. If the environmental consultant recommends a Phase II environmental study and the agency determines to further proceed with the acquisition, the Phase II study must be undertaken. The original environmental studies must be submitted to the Capital Budget Office along with the Final Land Acquisition request. Depending on the circumstances and findings documented in the Phase I environmental study, the Capital Budget Office may request a determination from the Department of Health and Environmental Control verifying the conclusions of the environmental study; in that event, the agency is responsible for obtaining the determination. The Capital Budget Office will forward the environmental studies to the Division of Facilities Management and Property Services for review and recommendation.

BUILDING CONDITION ASSESSMENT

A Phase I building condition assessment is required if the acquisition includes any building contemplated for occupancy by state employees or the public. The assessment must be conducted by a firm qualified by the Office of State Engineer, which makes available a list of firms qualified to perform building condition assessments at <https://procurement.sc.gov/files/Mailing%20List%20rev%2071817.pdf>. The building condition assessment must conform to the requirements published by the Office of State Engineer at <https://procurement.sc.gov/files/SFAA%20BldgCondAssessPolicy%203-28-17.doc>. The original building condition assessment must be submitted to the Capital Budget Office along with the Final Land Acquisition request. The Capital Budget Office will forward the building condition assessment to the Division of Facilities Management and Property Services for review and recommendation.

LETTERS OF LOCAL SUPPORT

If a land acquisition will result in property being exempt from taxation where it had not been previously, final land acquisition requests must include a letter of support from both the County and City Council(s) within whose county the property resides and the School Board(s) within whose district the affected property resides when the transaction will result in property being removed from the tax rolls.⁹

CAPITAL BUDGET OFFICE REVIEW

Once the Preliminary Land Acquisition items are obtained and the proposed land acquisition is ready for Final Land Acquisition review, the Form A-1 and supporting documents, along with the original appraisal, environmental studies, building condition assessment, letters of support from the local city and/or county and school district, and any other investigative reports must be forwarded to the Capital Budget Office for review and determination of compliance with standards and guidelines. Additionally, the Capital Budget Office will forward some of these items to the Division of Facilities Management and Property Services for their review and recommendation. The Capital Budget Office may request additional information to supplement these reports.

Following the review and approval of the Capital Budget Office, the agency may undertake negotiation of the purchase price with the seller for not more than the appraised value of the property.

INFORMATION REQUIRED FOR JBRC AND AUTHORITY SUBMISSION

After the purchase price has been negotiated, the agency must obtain all requisite approvals before the purchase can be closed, including those required by statute or source of funds, or those of governing boards or the Commission on Higher Education as applicable to the agency and transaction. These approvals must be obtained prior to submission of the purchase request to the Joint Bond Review

⁹ Joint Bond Review Committee policy adopted December 3, 2014.

Committee, its staff and the State Fiscal Accountability Authority. The agency must certify to the Capital Budget Office that all requisite approvals have been received.

Once all requisite approvals are complete, the agency must submit a Form A-1 to the Capital Budget Office, reflecting an increase in the project budget for purchase of the property and all supporting documentation for the purchase, including a transmittal on agency letterhead requesting approval of the purchase with the additional information prescribed in the Property Acquisition Information Format. If acquisition costs outside of the actual purchase price of the property exceed \$20,000, a cost justification is required. The content of the property purchase submission is delineated as:

- Form A-1 for final land purchase and related budget increase;
- Appraisal of the subject property;
- Phase I environmental study of the subject property, including an asbestos survey and building condition assessment if a building is included in the purchase;
- Transmittal on agency letterhead requesting approval of the purchase;
- Property Acquisition Information Format;
- Certification of preliminary approvals as applicable, including Commission on Higher Education approval for all colleges, universities and technical colleges;
- Letters of support from the City and County Councils and School Board; and
- Request to Acquire Real Property if not previously submitted.

Depending on the acquisition, documentation submitted, and characteristics of the project, the Capital Budget Office may request additional information, which must be completed prior to submission to the Joint Bond Review Committee, its staff, and the State Fiscal Accountability Authority.

REVIEW AND APPROVAL

The purchase request is submitted to the Joint Bond Review Committee, its staff, and the State Fiscal Accountability Authority. Agencies are expected to have representatives present at each meeting to address any questions about the agency and the purchase under review. The agency should carefully consider the appropriateness of its director or designee, chief financial official, and facilities manager representing the interests of the agency at these meetings, as the Capital Budget Office cannot assume this role on behalf of the requesting agency.

Upon approval by the State Fiscal Accountability Authority, the Authority Secretary issues a Certificate of Acceptance to the agency acknowledging the Authority's approval. The Certificate of Acceptance is provided to the Division of Facilities Management and Property Services, which forwards the certificate to the agency. The Certificate of Acceptance must be recorded simultaneously with the deed with the Register of Deeds or the County Clerk of Court, as appropriate, pursuant to the requirements of Section 11-65 of the SC Code.

REAL ESTATE CLOSING

The agency is responsible for scheduling the real estate closing, usually coordinated by counsel retained by the agency and approved by the Office of Attorney General. Document preparation, fund disbursements, and recordings are the responsibility of real estate counsel. After the deed is recorded, the agency must send a copy of the recorded deed, including the book and page number, to the Real Property Services Division of the South Carolina Department of Administration, with a copy to the Capital Budget Office. The State's real estate inventory will be updated following receipt of this copy. The permanent improvement project for the purchase will not be closed until a copy of the recorded deed is received by the Capital Budget Office, along with or prior to submitting a Form A-1 to close the project.

DONATIONS

A donation of property is an acquisition in which the agency receives real property from another party without financial consideration. Property donations generally require the same information and follow the

same procedures as are provided and followed for purchases, with the exception that an appraisal of the donated property is not generally required. An appraisal may be required, however, if the environmental study indicates the presence of environmental hazards or if a building condition assessment indicates the need to determine the relative value of the building against the cost to remediate its condition.

The agency must establish a preliminary land acquisition permanent improvement project for up to \$20,000 to procure a Phase I environmental study, building condition assessment, if needed, and related investigative studies. Requirements and considerations relating to the environmental study and building condition assessment are identical to those of purchases.

The agency should not negotiate terms of the donation with the donor until the environmental study, building condition assessment and any other investigative reports have been reviewed and approved by the Capital Budget Office. The content of the property donation submission is delineated as:

- Form A-1 for the land donation and all other related documents;
- Phase I environmental study of the subject property, including an asbestos survey and building condition assessment if a building is included in the donation;
- Transmittal on agency letterhead requesting approval of the donation;
- Property Acquisition Information Format;
- Certification of preliminary approvals as applicable, including Commission on Higher Education approval for all colleges, universities and technical colleges;
- Letters of support from the City and County Councils and School Board; and
- Request to Acquire Real Property if not previously submitted.

Approvals and closing procedures for a donation are the same as those followed for purchases.

EXCHANGES

A real property exchange is an acquisition in which the agency receives property owned by another party in exchange for a property owned by or otherwise assigned to the agency. Property exchanges generally require the same information and follow the same procedures as are provided and followed for purchases, with the exception that property exchanges must be made on a value for value basis.

Accordingly, all properties involved in an exchange must be appraised. A Phase I environmental study and a Phase I building condition assessment if a building is being acquired will be required for the property the agency is acquiring in the exchange; however, neither a Phase I environmental study nor a Phase I building condition assessment, if applicable, are required for the property the agency is exchanging.

The agency must establish a preliminary land acquisition permanent improvement project for up to \$20,000 (or more, if needed) to procure the required investigative studies.

The agency should not negotiate terms of the exchange until the appraisals, environmental study, building condition assessment and any other investigative reports have been reviewed and approved by the Capital Budget Office. The content of the property exchange submission is delineated as:

- Form A-1 for the property exchange, including as applicable a budget increase if the property the agency is receiving has a higher value than the property it is exchanging;
- Appraisals of the subject properties;
- Phase I environmental study of the subject property to be received by the agency, including an asbestos survey and building condition assessment if a building is to be received by the agency in the exchange;
- Transmittal on agency letterhead requesting approval of the donation;
- Property Acquisition Information Format;

- Certification of preliminary approvals as applicable, including Commission on Higher Education approval for all colleges, universities and technical colleges;
- Letters of support from the City and County Councils and School Board; and
- Request to Acquire Real Property if not previously submitted.

Additionally, because property exchanges involve the conveyance of property as consideration for property received, the agency should contact the Division of Facilities Management and Property Services of the South Carolina Department of Administration to determine any additional requirements that may be needed for approval of the conveyance by the State Fiscal Accountability Authority.

Approvals and closing procedures for a donation are the same as those followed for purchases.

ACQUISITIONS OF PROPERTY BETWEEN STATE AGENCIES

Transfers of property between state agencies are evaluated on a case-by-case basis, with the content of the property exchange submission dependent on such factors as the purpose of the transfer, the financial consideration paid by the receiving agency to the transferring agency, the original method of acquisition and length of time the property has been maintained as an asset of the State, current and prior use of the property, and the present condition and other implications of any improvements currently or proposed to be situated on the property. Accordingly, agencies contemplating acquisition of real property by transfer from other state agencies should contact the capital budget office for guidance prior to finalizing submission of documentation supporting the proposal.

At a minimum, the acquiring agency must establish a preliminary land acquisition permanent improvement project for up to \$20,000 to procure the required investigative studies. The content of the property acquisition submission is delineated as:

- Form A-1 for final land purchase and related budget increase;
- Phase I environmental study of the subject property, including an asbestos survey and building condition assessment if a building is included in the purchase;
- Transmittal on agency letterhead requesting approval of the purchase;
- Property Acquisition Information Format;
- Certification of preliminary approvals as applicable, including Commission on Higher Education approval for all colleges, universities and technical colleges;
- Request to Acquire Real Property if not previously submitted.

SECTION 8: STATEWIDE PERMANENT IMPROVEMENT REPORTING SYSTEM

The Statewide Permanent Improvement Reporting System (SPIRS) is a centrally administered accounting and information management system for permanent improvement project budgets, expenditures and related data.

BUDGET AND PROJECT DATA

Form A-1 is the primary source of project-related master data and budgetary constraint. SPIRS is the central repository for Form A-1 data at project establishment and throughout the project lifecycle. Each change in project authorization, approval, source, budget, expenditures and other related data is captured within a SPIRS transaction file, providing accounting controls and capturing historical events.

EXPENDITURE DATA

Expenditure data for permanent improvement projects is captured in SPIRS by interface, depending on business area type.

SCEIS AGENCIES

Expenditures processed within the State's enterprise accounting system – the South Carolina Enterprise Information System (SCEIS) – are captured via interface based on value-specific data elements, particularly:

- General Ledger Codes in the 507xxxxxxx series;
- State funded program and other criteria;
- Functional Area established for capital projects, all of which begin with 99; and
- Funds with an 8 in the fifth position.

Agencies utilizing the SCEIS Project System include a Work Breakdown Structure (WBS) element in expenditure transactions. Transactions meeting these criteria are extracted into a monthly file interface to SPIRS.

LUMP-SUM AGENCIES

Lump sum agencies, including universities, technical colleges, and certain other agencies submit a monthly transaction file in a prescribed format to the Capital Budget Office. Following verification of these files, they are consolidated and prepared for SCEIS entry and captured within the monthly file interface from SCEIS to SPIRS.

TECHNICAL COLLEGE SYSTEM

The State Board for Technical and Comprehensive Education consolidates and prepares monthly expenditures for technical colleges and makes SCEIS entries that are captured within the monthly file interface from SCEIS to SPIRS.

SPIRS REPORTS

The Capital Budget Office generates several monthly reports from SPIRS and distributes copies to each agency with active permanent improvement projects.

- The month-end report (GSP701NP) lists all active projects by agency, including project establishments or revisions, along with expenditures made during the prior month, all by project. The month-end report reflects project master data, current approved budget by source of funds, and expenditures by object code;
- The summary report (GSP703NP) summarizes each active project and reflects current project budget, total and current fiscal year expenditures, and the project balance; and

- An analysis of expenditures for capital projects (CSA405CM) which reflects each expenditure transaction by project to assist agencies in reconciling project expenditures.

Agencies are encouraged to verify these reports to ensure they agree with the agency's accounting of project status and transactions. Agencies are encouraged to report to the Capital Budget Office any discrepancies detected between the SPIRS reports and the agency's records to ensure prompt resolution.

In addition to these recurring reports, others are available on request.

EXPENDITURE ADJUSTMENTS

Expenditure adjustments for permanent improvement projects must be carefully coordinated with the Capital Budget Office.

SCEIS AGENCIES

Expenditure adjustments for the current fiscal year generally can be made only by submitting a SCEIS transaction. Agencies are encouraged to contact the Capital Budget Office to discuss the nature of the adjustment and proposed action prior to processing such entries.

Expenditure adjustments for the prior fiscal year generally must be made by the Capital Budget Office. The agency must document the adjustment describing the expenditure change requested, and include the project number, the amount of the adjustment, whether the adjustment is an increase or decrease, the expenditure code to be adjusted, and the expenditure fund number corresponding to the source of funds against which the adjustment is to be processed. Agencies are encouraged to contact the Capital Budget Office to discuss the nature of the adjustment and proposed action prior to requesting such entries.

LUMP-SUM AGENCIES

Expenditure adjustments for lump sum agencies should be included on the monthly transaction file or by contacting the Capital Budget Office. The lump sum agency must document the adjustment describing the expenditure change requested, and include the project number, the amount of the adjustment, whether the adjustment is an increase or decrease, the expenditure code to be adjusted, and the expenditure fund number corresponding to the source of funds against which the adjustment is to be processed. Lump sum agencies are encouraged to contact the Capital Budget Office to discuss the nature of the adjustment and proposed action prior to requesting such entries.

OVERDRAFTS

SPIRS generates a monthly report of all projects reflecting an overdraft status. An overdraft arises whenever project expenditures exceed budget authorization. Overdrafts may be the result of incorrectly charged expenditures, or may reflect the need for an increase in budget authority for the project. The Capital Budget Office promptly notifies the agency of any overdrafts as soon as they are detected, and requests the agency's cooperation in their resolution. If an overdraft is the result of an error in recording expenditures, the agency must promptly initiate corrective entries for the expenditures by one of the methods described above. If the agency has exceeded budget authorization for the project, a Form A-1 form must be promptly submitted to request an increase in budget, following the procedures for budget increases described elsewhere in this manual.

Agencies must work diligently to either clear or initiate action to resolve overdrafts within the month of their occurrence. In the absence of prompt action, overdrafts must be reported by the Capital Budget Office to the Joint Bond Review Committee and the State Fiscal Accountability Authority.

No project in an overdraft status will be closed until the overdraft is resolved.

8. ESTIMATES OF NEW/REVISED PROJECT COSTS

1. _____ Land Purchase ---->
2. _____ Building Purchase ---->
3. _____ Professional Services Fees
4. _____ Equipment and/or Materials ---->
5. _____ Site Development
6. _____ New Construction ---->
7. _____ Renovations - Building Interior ---->
8. _____ Renovations - Utilities
9. _____ Roofing - _____ Roof Age
10. _____ Renovations - Building Exterior
11. _____ Other Permanent Improvements
12. _____ Landscaping
13. _____ Builders Risk Insurance
14. _____ Other Capital Outlay
15. _____ Labor Costs
16. _____ Bond Issue Costs
17. _____ Other: _____
18. _____ Contingency

\$0.00 TOTAL PROJECT BUDGET

PROJECT #

Land: _____ Acres

Floor Space: _____ Gross Square Feet

Information Technology _____

Floor Space: _____ Gross Square Feet

Floor Space: _____ Gross Square Feet

ENVIRONMENTAL HAZARDS

Identify all types of significant environmental hazards (including asbestos, PCB's, etc.) present in the project and the financial impact they will have on the project.

Type: _____

Cost Breakdown

Design Services	\$ _____
Monitoring	\$ _____
Abato/Remed	\$ _____
Total Costs	\$ _____ 0.00

9. PROPOSED SOURCE OF FUNDING

Source	Previously Approved Amount	Increase/Decrease	Original/Revised Budget	Transfer to/from Proj. #	Rev Object Code	Treasurer's ID Number	Rev Sub Fund	Exp Sub Fund
(0) CIB, Group			0.00		8115		3043	3043
(1) Dept. CIB, Group			0.00		8115		3143	3143
(2) Institution Bonds			0.00					3235
(3) Revenue Bonds			0.00					3393
(4) Excess Debt Service			0.00					3497
(5) Capital Reserve Fund			0.00		8895		3603	3603
(6) Appropriated State			0.00		8895	68800100	1001	3600
(7) Federal			0.00			78800100		5787
(8) Athletic			0.00			88800100		3807
(9) Other (Specify)			0.00			98800100		3907
			0.00					
			0.00					
TOTAL BUDGET	\$0.00	\$0.00	\$0.00					

10. SUBMITTED BY: _____

Signature of Authorized Official and Title

Date

11. APPROVED BY: _____

(For Department Use Only)

Authorized Signature and Title

Date

Revised 3/30/16

APPENDIX B: FORM OF ANNUAL OPERATING COSTS AND SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

Following is an image of the form referenced in this appendix, which form was current at the time this guide was published. The most current version is available in the forms section of the website of the Capital Budget Office at <http://admin.sc.gov/budget/capital-budget-office/forms-and-instructions>.

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY
Code _____ Name _____

2. PROJECT
Project # _____ Name _____

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)
 COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1)	\$ _____	\$ _____	\$ _____	\$ _____
2)	\$ _____	\$ _____	\$ _____	\$ _____
3)	\$ _____	\$ _____	\$ _____	\$ _____

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	<u>COST FACTORS</u>	<u>AMOUNT</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
	TOTAL	_____

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. _____

9. Submitted By: _____
Signature of Authorized Official and Title Date

FORM A-49: Revised 11/20/97

ADDENDUM TO FORM A-1, A-42, O-42

APPENDIX C: FORM OF REQUEST TO ACQUIRE REAL PROPERTY

Following is an image of the form referenced in this appendix, which form was current at the time this guide was published. The most current version is available in the forms section of the website of the Capital Budget Office at <http://admin.sc.gov/budget/capital-budget-office/forms-and-instructions>.



PERMANENT IMPROVEMENT PROJECTS REQUEST TO ACQUIRE REAL PROPERTY

BACKGROUND

South Carolina Code Section 1-11-58 requires the Department of Administration to review its central listing of surplus real property to determine if an agency's need for real property can be met from existing state-owned property. To comply with this statutory requirement, you must provide the following information and send it to the Capital Budget Office, Edgar A. Brown Building, 1205 Pendleton Street, Suite 529, Columbia, South Carolina 29201, prior to making a submission to establish a project for a new land acquisition.

AGENCY

Business Area	
Agency Name	
Contact Name	
Phone	

STATEMENT OF NEED

Provide an explanation of the need, not the purpose for which the property will be used.

Amount of land needed	
County in which land is needed	
Preferred location	
Suitable alternate locations	

Briefly describe the type of property needed in sufficient detail to enable a review and determination of available surplus property that may be suitable for your needs.

--

DEPARTMENT OF ADMINISTRATION USE

Surplus property identified and potentially meeting the above need.

Agency notified by	Date

APPENDIX D: POLICY ON ENVIRONMENTAL STUDIES FOR LAND ACQUISITIONS

STATE FISCAL ACCOUNTABILITY AUTHORITY POLICY FOR OBTAINING ENVIRONMENTAL STUDIES FOR LAND ACQUISITIONS

POLICY STATEMENT

Prior to submission to the State Fiscal Accountability Authority for approval of any land acquisition, the acquiring agency shall obtain a study on the subject property for existing environmental conditions.

GUIDELINES FOR OBTAINING ENVIRONMENTAL STUDIES

All Environmental Studies shall be obtained under the following guidelines:

1. The Office of State Engineer shall approve one or more firms to provide these services for a period of one to three years, at which time the approval process will be repeated.
2. Environmental firms performing such studies must maintain or have access to a South Carolina Department of Health and Environmental Control (SCDHEC) certified analytical lab and must have a contaminate/biological sampling plan which meets SCDHEC approval.
3. The study shall be conducted by a professional environmental engineer, professional geologist, degreed biologist or ecologist, or other degreed specialist in the environmental field.
4. The costs of acquiring all studies shall be the responsibility of the agency proposing to acquire the property.
5. The complete report shall be furnished by the agency to the SC Department of Administration - Executive Budget Office - Capital Budgeting Unit for their consideration in the decision making process.

CRITERIA FOR ENVIRONMENTAL STUDIES

All Environmental Studies obtained under this policy shall conform to the guidelines designated in ASTM E1527-13 or ASTM E2247-08, whichever is applicable for the Phase I Environmental Site Assessment Process, with the following additions:

1. Ownership history for the last 60 years;
2. Identification of suspected wetlands areas, including specific location(s); and
3. Suspected presence of lead-based paint and/or lead in drinking water.

Upon completion of the Phase I study, a report will be submitted in the form of ASTM E1527-13 or ASTM E2247-08, whichever is applicable. (See attached Required Table of Contents and Report Format.)

The report submitted at the completion of Phase I shall either provide reasonable assurance to the acquiring agency that the site appears to be free from significant levels of contamination or provide specific recommendations for detailed field investigations to be carried out in Phase II. The locations recommended for investigation shall be in areas considered likely to have the highest potential for contamination.

The report shall also include an estimated cost to perform the recommended Phase II study.

In the event the Phase I study indicates that unfavorable environmental conditions may be present, the Executive Budget Office – Capital Budgeting Unit may require the agency to obtain the recommended Phase II study.

The Executive Budget Office - Capital Budgeting Unit's recommendation to the State Fiscal Accountability Authority to either approve or deny the acquisition request will be based in part on the results of the studies obtained under this policy.

10/14/15

**REQUIRED TABLE OF CONTENTS AND REPORT FORMAT
FOR ENVIRONMENTAL STUDIES FOR LAND ACQUISITIONS**

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| <ul style="list-style-type: none"> A. Summary B. Introduction <ul style="list-style-type: none"> 1. Purpose 2. Detailed Scope-of-Services 3. Significant Assumptions 4. Limitations and Exceptions 5. Special Terms and Conditions 6. User Reliance C. Site Description <ul style="list-style-type: none"> 1. Location and Legal Description 2. Site and Vicinity General Characteristics 3. Current Use of the Property 4. Descriptions of Structures, Roads, Other Improvements on the Site (including heating/cooling system, sewage disposal, source of potable water) 5. Current Uses of the Adjoining Properties D. User Provided Information <ul style="list-style-type: none"> 1. Title Records 2. Environmental Liens or Activity and Use Limitations 3. Specialized Knowledge 4. Commonly Known or Reasonably Ascertainable Information 5. Valuation Reduction for Environmental Issues 6. Owner, Property Manager, and Occupant Information 7. Reason for Performing Phase I 8. Other E. Records Review <ul style="list-style-type: none"> 1. Standard Environmental Record Sources 2. Additional Environmental Record Sources 3. Physical Setting Source(s) 4. Historical Use Information on the Property | <ul style="list-style-type: none"> 5. Historical Use Information on Adjoining Properties F. Site Reconnaissance <ul style="list-style-type: none"> 1. Methodology and Limiting Conditions 2. General Site Setting 3. Exterior Observations 4. Interior Observations G. Interviews <ul style="list-style-type: none"> 1. Interview with Owner 2. Interview with Site Manager 3. Interviews with Occupants 4. Interviews with Local Government Officials 5. Interviews with Others H. Findings I. Opinion J. Conclusions K. Deviations L. Additional Services M. References N. Signature(s) of Environmental Professional(s) O. Qualification(s) of Environmental Professional(s) P. Appendices <ul style="list-style-type: none"> 1. Site (Vicinity) Map 2. Site Plan 3. Site Photographs 4. Historical Research Documentation (aerial photographs, fire insurance maps, historical topographical maps, etc.) 5. Regulatory Records Documentation 6. Interview Documentation 7. Special Contractual Conditions between User and Environmental Professional 8. Property Deeds |
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Each item in the above Table of Contents shall be addressed on each report. If the item is not applicable, or no information is available for the report, include the section title and then write "Not Applicable" or "No Information Available" below the title. Reports that do not address each item shall be returned as incomplete.

APPENDIX E: POLICY ON BUILDING CONDITION ASSESSMENTS FOR STATE BUILDING ACQUISITIONS

STATE FISCAL ACCOUNTABILITY AUTHORITY POLICY BUILDING CONDITION ASSESSMENTS FOR STATE BUILDING ACQUISITIONS

POLICY STATEMENT

It is the policy of the State Fiscal Accountability Authority that a decision to acquire an existing building intended to be occupied by state employees or the public shall be supported by an assessment of the current condition of the building and its suitability for its proposed use(s). Any agency proposing to acquire a building shall first obtain or develop a Phase I Building Condition Assessment for State Building Acquisitions on the subject building prior to submitting its request for acquisition to the Board.

GUIDELINES FOR OBTAINING BUILDING CONDITION ASSESSMENTS

All Building Condition Assessments shall be made under the following guidelines:

1. The Office of State Engineer shall recommend one or more firms to provide these services for a period of one to three years, at which time the process of requalification will be repeated.
2. The agency head shall give due consideration to the assessment being conducted by a professional architect, professional engineer, and/or other qualified specialist in the field of building condition assessments, as recommended by the Office of State Engineer, or may determine the assessment can be conducted internally.
3. The costs of acquiring all assessments shall be the responsibility of the agency proposing to acquire the building.
4. The complete assessment report shall be furnished by the agency to the State Engineer, who will provide the results to Capital Budgeting and the State Fiscal Accountability Authority for their consideration in the decision-making process.

CRITERIA FOR BUILDING CONDITION ASSESSMENTS

1. All Building Condition Assessments obtained under this policy shall be done so in accordance with the current codes adopted by the Office of State Engineer.
2. Upon completion of the Phase I assessment, a report will be submitted in the form of Table of Contents and Report Format for Phase I Building Condition Assessments for State Building Acquisitions (next page).
3. The report submitted at the completion of the Phase I assessment may include a professional opinion as to whether the building appears to be code compliant for its existing and proposed use(s), or, if not, provide specific recommendations for detailed investigations to be carried out in a Phase II assessment. The report shall also include an estimated cost to perform the recommended Phase II assessment, if any.
4. In the event the Phase I assessment indicates that the building is not code compliant, the State Engineer may require the agency to obtain the recommended Phase II assessment.
5. The Phase II assessment shall provide a summary of work and preliminary cost estimate of work required to make the building compliant with the current codes.
6. The State Engineer may provide a recommendation along with the assessment(s) to be submitted to Capital Budgeting for inclusion with the acquisition request. The recommendation will be based, in part, on the results of the assessments obtained under this policy.

**TABLE OF CONTENTS AND REPORT FORMAT
FOR PHASE I BUILDING CONDITION
ASSESSMENTS FOR STATE BUILDING ACQUISITIONS**

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| <ul style="list-style-type: none"> A. Cover Sheet (to include Agency Name, Building Name, Report Date and Contact Person.) B. Table of Contents C. Introduction <ul style="list-style-type: none"> 1. Purpose 2. Special Terms and Conditions 3. Limitations and Exceptions of Assessment D. Site Description <ul style="list-style-type: none"> 1. Location and Legal Description (including, but not limited to, zoning, historic designation and utilities) 2. Site and Vicinity Characteristics (including, but not limited to, any standing or flowing water, known soil conditions, earthquake zone.) 3. Building Description (including, but not limited to, area, height, year constructed, year any additions were built.) 4. Current Uses and Occupancy of the Building/Property 5. Assessed Value of the Building E. Suspected Presence of Hazardous Materials <ul style="list-style-type: none"> 1. Type of Hazardous Material 2. Justification for suspected presence. | <ul style="list-style-type: none"> F. Investigations and Evaluations of Systems For Functionality and Compliance with Applicable Codes: <ul style="list-style-type: none"> 1. Plumbing 2. Fire Protection 3. HVAC 4. Electrical/Communications 5. Structural/Seismic 6. Building Accessibility G. Evaluations in Accordance with the International Existing Building Code (including Building Code Summary Sheet) H. Any Other Conditions of Concern I. Findings and Conclusions (including recommendation for Phase II Assessment, if any, and associated costs) J. Signatures of those performing the Building Condition Assessment K. Qualifications of those performing the Building Condition Assessment L. Optional Appendices (for example): <ul style="list-style-type: none"> 1. Other Plans, Figures, and Photographs 2. Contract between User and those performing the Building Condition Assessment. |
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Each item in the above Table of Contents should be addressed on each report. If the item is not applicable, or no information is available for the report, include the section title and then write "Not Applicable" or "No Information Available" below the title.

APPENDIX F: FORM OF APPROVAL TO SECURE STUDIES AND SURVEYS – LAND ACQUISITIONS

Following is an image of the form referenced in this appendix, which form was current at the time this guide was published. The most current version is available in the forms section of the website of the Capital Budget Office at <http://admin.sc.gov/budget/capital-budget-office/forms-and-instructions>.



**PERMANENT IMPROVEMENT PROJECTS
LIMITED APPROVAL TO SECURE STUDIES AND SURVEYS
IN CONNECTION WITH LAND ACQUISITIONS**

BACKGROUND

This approval is for establishment only for the limited purpose of securing in connection with a proposed land acquisition (1) any appraisals which may be required; (2) any land surveying services which may be required; (3) a Phase One Building Condition Assessment on any structures included in the acquisition which may be required; (4) an asbestos survey on any structures included in the acquisition; (5) a Level One Environmental Study for detection of hazardous materials; and (6) any other information required by the Joint Bond Review Committee or the State Fiscal Accountability Authority further describing the land proposed and the purposes it would serve if acquired.

Agencies must forward originals of the appraisal, environmental study and building condition assessment reports to the Capital Budget Office, 1205 Pendleton Street, Suite 529, Columbia, South Carolina 29201, which will coordinate reviews of these reports.

No authority is given by this approval to acquire or to enter into any agreement to acquire land until the required studies have been reviewed and a Form A-1 fully detailing the project has been reviewed by the Joint Bond Review Committee and approved by the State Fiscal Accountability Authority. Submission of the Form A-1 to finalize the land acquisition, further property acquisition information as follows, and a letter requesting approval of the acquisition, stating the date by which this approval is needed, must be made to the Capital Budget Office as noted above.

PART 1 – PROPERTY SUMMARY INFORMATION

Business Area	
Agency Name	
Contact Name	
Phone	
Project Number	
County	
Description of Property	
Grantor's Name and Address	
Grantee's Name and Address	
Acreage	
Purchase Price	
Current Year Property Tax Amount	



PERMANENT IMPROVEMENT PROJECTS
LIMITED APPROVAL TO SECURE STUDIES AND SURVEYS
IN CONNECTION WITH LAND ACQUISITIONS

Provide the purpose for this land acquisition.

Provide the justification and need to acquire the property.

PART 2 – ADDITIONAL SUPPORTING INFORMATION

1. Provide the number of sites that were evaluated.
2. List the selection criteria used to evaluate sites.
3. Discuss the rationale for making the final site selection.
4. Discuss why this specific site was selected.
5. Provide the estimated costs of any construction or renovations to be undertaken on the property and the anticipated source of funds for the work.
6. Delineate the estimated annual operating costs that will result from acquisition of the property and list the sources that will be used to fund them. Explain the factors that were used in determining the costs. If no costs are anticipated to result from the acquisition, explain why not.
7. Delineate the estimated annual operating costs that will result from construction or renovation on the property and list the sources that will be used to fund them. Explain the factors that were used in determining the costs. If no costs are anticipated to result from the construction or renovation, explain why not.

APPENDIX G: PHASE I AND PHASE II CONSTRUCTION PERMANENT IMPROVEMENT PROJECTS

PHASE I – PRE-DESIGN

The Phase I Submission is a request for approval to acquire professional services for pre-design services (as necessary) and design services, through development of concept design and preparation of a project budget for complete project design and construction. The product of these services is a statement of project scope and budget used to support a request consistent with Section 2-47-40 for approval of the Phase II – Construction Permanent Improvement Project Submission - Design and Construction Budget.

PRE-DESIGN SERVICES

Pre-design services consist of programming services, space schematics and flow diagrams, existing facilities surveys, and site analysis.

PROGRAMMING SERVICES

This component establishes and documents the following detailed project requirements:

- Design objectives, limitations, and criteria;
- Approximate gross facility areas and space requirements;
- Required space relations;
- Facility flexibility and expandability requirements;
- Special equipment and systems required;
- Site requirements;
- Operating procedures;
- Security requirements;
- Communications relationships; and
- Project Schedule.

SPACE SCHEMATICS AND FLOW DIAGRAMS

This component consists of diagrammatic studies and descriptive text for:

- Converting programmed requirements to net area requirements;
- Internal functions;
- Human, vehicular, and material flow patterns;
- General space allocations;
- Analysis of operating functions;
- Adjacency;
- Special facilities, materials, and equipment; and
- Flexibility and expandability.

EXISTING FACILITIES SURVEYS

This component consists of researching, assembling, reviewing, and supplementing information for projects involving alterations and additions to existing facilities or determining new space usage in conjunction with a new building program including:

- Field measurements;
- Review of existing drawings for accuracy and the development of required measured drawings;
- Restrictions on modifying historic properties;
- Review of existing design data;
- Investigation of hazardous materials (asbestos, lead, mold, etc.); and
- Analysis of existing structural, mechanical, and electrical capabilities.

SITE ANALYSIS

This component consists of:

- On-site observation;
- Movement systems, traffic, and parking studies;
- Topography analysis;
- Utility systems;
- Analysis of deed, zoning, and other legal restrictions (including permits & approvals);
- Structures placement;
- Surface and subsurface conditions;
- Environmental requirements (wetlands, threatened and endangered species, flood zones, archeological, etc.);
- Landscape concepts and forms;
- Studies of availability of construction materials, equipment, and labor;
- Studies of construction market; and
- Site analysis and evaluation.

DESIGN SERVICES

Design services through concept design consist of services to prepare documents that establish the conceptual design of the project illustrating the scale and relationship of the project components. If appropriate, concept design documents may include a conceptual site plan and preliminary building plans, sections, and elevations. Concept design documents may also include preliminary selections of major building systems and construction materials.

PHASE II – FULL DESIGN AND CONSTRUCTION

The Phase II Submission is the request for approval to acquire professional services to prepare complete design and construction documents and to acquire construction.

The Phase II Submission must be supported by:

- A complete program statement;
- A statement of the scope of work;
- Concept design documents;
- An estimate of the cost prepared by a party independent of the agency or institution;
- Projected date for the execution of the construction contract;
- Projected date for completion of the construction; and
- Any other information required by S.C. Code Section 2-47-40.

At the time of the construction PIP submission, the agency or institution will be expected to complete execution of the construction contract by the projected date designated. If the construction contract is not in place by the projected date, the agency or institution must report to the Joint Bond Review Committee the reasons the contract is not in place and the projected impact the delay will have on the project's costs and funding.

In the event of a protest of the successful bid, the requirement to complete a construction contract by the projected date is suspended until the protest is resolved. The agency should notify the Capital Budget Office in the event of a protest.

CERTAIN POLICIES AND REQUIREMENTS OF THE JOINT BOND REVIEW COMMITTEE AND STATE FISCAL ACCOUNTABILITY AUTHORITY

BACKGROUND

This section contains certain policies adopted by the Joint Bond Review Committee, the State Budget and Control Board,¹⁰ and the State Fiscal Accountability Authority, and, where available, background information leading to the policy decisions adopted from time to time. In all cases, policy language, generally taken from the agenda item or minutes of the meeting, is italicized. Unless otherwise noted, references to the former State Budget and Control Board have been intentionally maintained.

EMERGENCY PROJECT APPROVAL REQUESTS (1987)

This guidance was given by the Joint Bond Review Committee on June 1, 1987.

The Joint Bond Review Committee has requested that the Budget and Control Board notify all agencies in the Permanent Improvement Program that project bid deadlines do not constitute an emergency. Projects sent to the Committee for emergency approval simply because of bid deadlines will not be taken up for review/approval until the next regularly scheduled Committee meeting unless they are deemed to be a “true” emergency. The Committee meets monthly, and the meeting notices are sent to all participating agencies.

The emergency project approval requests, due to bid deadlines, now come to the Committee in a manner that does not allow the time that is needed to thoroughly review the project; however, a delay in the Committee’s approval of the project would almost always be against the State’s best interest since the delay would result in necessitating a re-bidding of the project which would ultimately result in producing a higher project cost.

Bids are normally good for 60 to 90 days. We do not feel that it should take an agency weeks to determine that the bid exceeds the projected cost of the project and where the additional funds are to come from, thereby leaving the Committee with only a few days, or in some cases, only one or two days, to approve the project prior to the bid deadline.

We would like to see the emergency approvals request process applied strictly to projects that are genuine emergencies such as boiler explosions or fire and storm damage. This process, of course, will require better planning on the part of the state agencies; but it will result in having these projects on the agendas of the regularly scheduled Committee meetings in time for approval.

ASBESTOS ABATEMENT PROJECTS (1989)

This request was made by the Joint Bond Review Committee on May 4, 1989.

The committee discussed the various asbestos abatement projects that were before the Committee for review and approval; and, as a result, requested that future asbestos abatement projects sent to the Committee contain an itemization of various costs associated with the project such as construction, air monitoring, design, etc. [] The committee has a keen interest in the budgets of asbestos abatement

¹⁰ The South Carolina State Budget and Control Board was succeeded by the State Fiscal Accountability Authority and the South Carolina Department of Administration on July 1, 2015, in accordance with the South Carolina Restructuring Act of 2014 (Act 121). Certain responsibilities for permanent improvements have been devolved to either the Authority or the Department, enhanced by the terms of a Memorandum of Understanding which clarifies these duties and responsibilities subsequent to the effective date of Act 121.

projects. Any details, such as original estimate versus bid, that can be provided would be helpful to the committee in its review of these projects.

ENVIRONMENTAL STUDIES (1989)

A policy proposed by the Division of General Services, State Budget and Control Board was adopted by the Joint Bond Review Committee on July 26, 1989.

The Committee adopted the policy [] which would require that a “level one” environmental study be performed on all real property proposed for acquisition by the State prior to its submission to the Committee and the Budget and Control Board for approval.

PROJECT APPROVALS (1989) (SUPERSEDED)

This policy was adopted by the Joint Bond Review Committee at its meeting on August 9, 1989.

The committee adopted a policy whereby [the] ... Director of Research for the JBR Committee would have the authority to approve permanent improvement projects with budget actions of up to \$100,000. The committee did specify, however, that projects involving land acquisitions should continue to be submitted to the committee for review and, further, that any of the projects in the under \$100,000 category could be brought before the committee for review if [the Director of Research] determined that such projects should be considered by the committee.

PROJECT APPROVAL PROCESS FOR “HURRICANE HUGO” RELATED PERMANENT IMPROVEMENT PROJECTS (1989) (TEMPORARY)

This policy was adopted by the Joint Bond Review Committee at its meeting on October 9, 1989.

The committee adopted a temporary procedure whereby if an agency submits paperwork pertaining to permanent improvement projects that need to be established as a result of the storm damage caused by the recent hurricane, the projects will be subject to the approval of the Committee Chairman only. It is understood that due to the extensive damage at some facilities, agencies have had to immediately undertake some repair projects without following the normal procedure. The project detail, as compiled by the B&C Board staff, will be provided to the committee as soon as feasible.

This emergency approval procedure was adopted in order to allow State agencies to proceed with the repair of their storm-damaged facilities in as timely a manner as possible.

PERMANENT IMPROVEMENT PROJECTS – REVISED DEFINITION (1991) (PARTIALLY SUPERSEDED)

This revision was adopted by the Joint Bond Review Committee at its meeting on August 28, 1991.

The Joint Bond Review Committee, at its meeting of 8/20/91, approved a revision of the definition of a permanent improvement, a copy of which is attached. In accord with proviso 129.15 of Act #171 of 1991, the JBR Committee and the Budget and Control Board determine the cost of a project that requires Board approval; therefore [the Chairman requested] that this matter be placed on the Budget and Control Board’s agenda for their consideration.

The major change in the definition is to increase the amount required to process a permanent improvement project from \$25,000 to \$100,000 with certain exceptions.

The attachment referenced in the policy read as follows:

Permanent Improvements

Permanent Improvement projects are defined as:

- (1) Any acquisition of land, regardless of cost;*

- (2) Any acquisition (as opposed to the construction) of buildings or other structures, regardless of cost;
- (3) Construction of additional facilities and any work on existing facilities including their renovation, repair, maintenance, alteration or demolition in those instances in which the total cost of all work involved is ~~\$25,000~~ \$100,000 or more;
- (4) Architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are therefore not to be included;
- (5) Capital lease purchase of any facility acquisition or construction; and
- (6) Equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract should be included as a part of a project.

~~It does not matter what source of funds is used to finance permanent improvements. If the definition fits whatever is being done to a facility then a permanent improvement is involved regardless of the funding sources proposed.~~

~~It should be noted that this definition focuses on significance rather than on what types of "improvements" are being made. And, significance here is measured mostly in terms of how much money is being spent doing anything to facilities.~~

All permanent improvements that meet the above definition must become a project, regardless of the source of funds. However, any agency that has been authorized/appropriated Capital Improvement Bond, Capital Reserve Fund or specific state appropriated funds by the General Assembly for capital improvements must process a permanent improvement project, regardless of the amount. In addition, any agency proposing to transfer state appropriated operating funds to a permanent improvement must also process a permanent improvement project, regardless of the amount.

~~Expenditures for renovation, repair, maintenance, and alteration projects costing less than \$25,000 \$100,000 and non-project expenditures of less than \$25,000 for facility renovation, repair, maintenance and alteration, under current policies, are not subject to Board approval or Bond Committee review. As a part of the Annual Permanent Improvement Program process, however, each agency may be required to report on expenditures in the under-\$25,000 \$100,000 category in an annual report to the Board and the Committee due each year in September. In addition, this information will be required to be provided as the Committee or Board request it.~~

~~The \$25,000 \$100,000 cost cut-off level in the definition of a permanent improvement is subject to adjustment by joint action of the Bond Committee and the Budget and Control Board.~~

Further clarification of adoption of this policy was made as follows on August 28, 1991:

The major change in the definition is to increase the amount required to process a permanent improvement project from \$25,000 to \$100,000 with certain exceptions.

Inasmuch as this change necessitates a revision in the Staff Approval project level, the Committee agreed that Staff Approval projects would fall in the category of \$100,000 to \$250,000. In keeping with previous policy, those projects involving land acquisitions should continue to be submitted to the Committee for its review; and any of the projects in the Staff Approval category may be brought before the Committee for review if [the Director of Research] so determines.

Further clarification of adoption of this policy was made as follows on October 4, 1991:

- (1) *[With respect to] the use of state appropriated funds as they relate to a permanent improvement project, [t]he "regardless of amount" language does mean that all the exceptions (Capital Improvement Bonds, Capital Reserve Fund and State funds) should be a permanent improvement project.*

- (2) *Any changes for projects below \$100,000 should now be processed in-house until completed, but no further action needs to be taken. Since the Committee approved the changes in the definition, those projects no longer need Committee action.*

This policy was considered for revision, which revision was rejected, by the Joint Bond Review Committee on November 27, 2001.

The Committee rejected [a] proposal whereby the Committee Staff Approval level for projects would be increased to \$500,000. The Committee directed that the Staff Approval level remain at the current \$250,000 and also that any new projects that are projected to have a total cost in excess of \$250,000 at the time they are established be brought to the Committee for review and approval.

COMPREHENSIVE PERMANENT IMPROVEMENT PLAN (2001)

This policy was adopted by the Joint Bond Review Committee on November 27, 2001.

The Committee adopted [a recommendation] whereby the Annual Permanent Improvement Program (APIP) and the Overall Permanent Improvement Plan (OPIP) will be consolidated into one document to be called the "Comprehensive Permanent Improvement Plan" (CPIP).

PROPOSED LAND ACQUISITION PROJECTS (2003)

This policy was revised by the Joint Bond Review Committee at its meeting on February 25, 2003.

Background. In 1986, the Joint Bond Review Committee adopted the following policy for use by the Budget and Control Board staff in presenting land acquisition projects to the Committee:

"that the Budget and Control Board staff be authorized to establish and assign a project number to those projects which involve land acquisition for the purpose of securing appraisals, land surveying services and any other detailed information pertinent to the project; provided that the required appraisal fees or land surveying services be secured in an amount not to exceed \$10,000."

This policy was amended in 1989 to require a level one environmental study be performed on all real property proposed for acquisition by the State prior to its submission to JBRC and the Budget and Control Board for approval.

The policy adopted in 1986 was construed to mean that earnest money could not be paid. Over the years, several properties proposed for acquisition by the State had been sold to another purchaser who would enter into a contract, due to the State's not having a contract of sale bound by significant earnest money. In those instances, the money that had been spent for appraisals, environmental studies, and any other preliminary studies was lost and the process had to be restarted, with the agency incurring additional expenses.

In 2003, the General Services Division of the Budget and Control Board requested that the amount approved for land acquisition project establishments be increased to \$20,000 and that earnest money be included as an approved expenditure prior to the Committee and the Board approving property for acquisition. Further, General Services proposed that any contract of sale should provide that earnest money be refunded to the State should the purchase not be approved by the Budget and Control Board, and that it be applied to the purchase price should the purchase be completed. General Services also requested that any other studies, reports or investigations deemed appropriate by the Division be included in this authorization.

The following policy was proposed and approved by the Joint Bond Review Committee on February 25, 2003:

“that the Budget and Control Board staff be authorized to establish and assign a project number to those projects which involve land acquisition for the purpose of securing appraisals, environmental studies, land surveying services and any other detailed information pertinent to the project and to pay earnest money to secure the property; provided that the required appraisal and environmental study fees, land surveying services, and earnest money be secured in an amount not to exceed \$20,000; and provided further that any contracts of sale should provide that earnest money be refunded to the State should the purchase not be approved by the Budget and Control Board and that it be applied to the purchase price should the purchase be completed.”

ESTABLISHMENT OF PROJECTS IN PHASES (2007)

This policy was adopted by the Joint Bond Review Committee on October 30, 2007, and documented by policy memorandum on November 15, 2007 by the Capital Budgeting division of the Office of State Budget of the State Budget and Control Board.

Permanent improvement project requests for construction or renovation work will be approved by JBRC in two phases. In Phase I, the committee will approve project establishment requests for pre-design and limited design services only. In Phase II, the committee will approve funds for complete design and construction or renovation after a project has been established for the pre-design and limited design services, the services have been completed, and the project scope and cost estimates have been established. Approval of a Phase I design project does not guarantee approval of the Phase II project or construction budget, for which JBRC will still expect the need to be fully described and justified. This policy is a result of the committee’s increasing concerns about cost overruns and scope changes to projects, resulting in numerous increases.

Attached is a definition of what constitutes Phase I pre-design and limited design services which must be done prior to requesting approval for the Phase II complete design and construction budget. Completion of Phase I services is a necessary condition of Phase II. Requests for approval of Phase I services must include all costs for Phase I. The attached definition was prepared by the Office of State Engineer and should govern the level of work to be done with any permanent improvement project establishment for design only.

The attachment referenced in the policy appears, in current form, as Appendix G of this guide.

On February 13, 2008, the Capital Budgeting division of the Office of State Budget of the State Budget and Control Board published a revision of the November 15, 2007 policy on permanent improvement projects, communicated as follows:

At its meeting on January 24, 2008, the Joint Bond Review Committee noted that the November 15, 2007 policy establishing projects for pre-design before proceeding with complete design and construction would be revised to include new provisions relating to timeliness on projects. As part of the pre-design phase of the project, project schedules are to be developed. Information from those schedules will not be required to be submitted with the Phase II complete design and construction phase of each project.

The revisions to the November 15, 2007 policy are all found in the final paragraph of the policy under “Phase II – Construction PIP Submittal.” In addition to the information required under the November 15, 2007 policy, the projected date of execution of the construction contract and the projected date of completion under the construction contract must be submitted with the Phase II construction submittal. If the construction contract is not in place by the projected date, [agencies and institutions must] report to the Joint Bond Review Committee the reasons why and the impacts the delays will have on the project.

On September 23, 2008, the Capital Budgeting division of the Office of State Budget of the State Budget and Control Board communicated further action of the JBRC during its September 17, 2008 meeting:

In keeping with the requirements of Phase II of the JBRC policy last revised in February, 2008, the committee voted September 17, 2008, to require all agencies, when submitting a Phase II request for full design and construction, to identify all sources of funds for the project. In addition, these sources of funds must be secure and readily available for completion of the project within the specified time frames for execution of the construction contract and completion of construction.

LEED ENERGY CONSERVATION STANDARDS (2010)

This policy was adopted by the Joint Bond Review Committee on August 5, 2010.

When addressing energy conservation measures, as required by JBRC policy for a Phase II construction budget, any agency using LEED certification of as the conservation measure must submit the findings of a cost-benefit analysis showing the anticipated energy savings over the life of the project when submitting the item.

This policy has been extended in practice to apply to projects using Green Globes certification as the conservation measure.

SCOPE REVISIONS (2013)

This policy was adopted by the Joint Bond Review Committee on August 8, 2013.

If an agency/institution determines during any phase of a permanent improvement project that a change in the use, purpose, or programming of the facility is necessary, the agency/institution must submit a request to revise the project scope to be reviewed and approved either by the Joint Bond Review Committee or by staff of the Budget and Control Board.

For projects with an estimated cost of \$10 million or less:

- *Changes resulting in an increase in square footage of 30% or more must be submitted for review and approval of JBRC.*
- *Changes resulting in an increase in square footage of less than 30% must be submitted for review and approval of BCB staff.*

For projects with an estimated cost of more than \$10 million:

- *Changes resulting in an increase in square footage of 20% or more must be submitted for review and approval of JBRC.*
- *Changes resulting in an increase in square footage of less than 20% must be submitted for review approval of BCB staff.*

BCB staff shall report all staff approvals of scope revisions under this policy to the Committee.

Any changes resulting in an increase in budget must be submitted for review and approval of JBRC (or review and approval of staff in accordance with current JBRC guidelines).

PHASE I JBRC APPROVAL/REQUEST FOR EXTENSION (2013)

This policy was adopted by the Joint Bond Review Committee on August 8, 2013.

All Phase II Full Design and Construction permanent improvement project requests should be submitted for approval by JBRC within two years of approval of the Phase I Pre-design. For projects that are not submitted for Phase II Full Design and Construction Budget within two years, a request for extension must be submitted for JBRC consideration. The request for extension must fully explain the reason(s) Phase II has been delayed. If a request for extension is granted by JBRC and the project is not submitted and approved for Phase II within two years of approval of the extension, the project must be closed or a further request for extension must be submitted for JBRC consideration.

FINAL LAND ACQUISITIONS (2014)

At the October 7, 2014 meeting of the Joint Bond Review Committee, the Committee considered a policy change relating to the approval of final land acquisition requests. JBRC and Executive Budget Office staff were directed to develop a draft policy for consideration at the next JBRC meeting to require local county council and school board approval for agencies considering the purchase of property.

The following policy was adopted by the Joint Bond Review Committee on December 3, 2014.

Final Land Acquisitions

If the land acquisition will result in property being exempt from taxation where it had not been previously, final land acquisition requests must include a letter of support from both the County Council(s) with whose county the property resides and the School Board(s) within whose district the affected property resides when the transaction will result in property being removed from the tax rolls.

BOND APPROVALS (2014) (SUPERSEDED)

At the October 7, 2014 meeting of the Joint Bond Review Committee, JBRC adopted a policy of considering the bonds relating to any permanent improvement project forward as a separate agenda item. JBRC and Executive Budget Office staff were directed to implement this policy change.

The following policy change was implemented from the October 7, 2014 meeting and presented to the Joint Bond Review Committee on December 3, 2014.

Bond Approvals

If an agency/institution submits a request that would result in the addition of bond funds to the project budget, regardless of the type of bonds added, the request for approval of the bond funds must be brought forward as a separate agenda item. The agency must submit documentation that includes:

1. *Amount and Type of Bond*
2. *Revenues Pledged to Pay the Debt Service on the Bond*
 - a. *Total revenues for the prior fiscal year from the source of funds pledged to pay the debt service on the bond.*
 - b. *Other obligations on that source of funds, to include debt service requirements on all existing bonds, authorized bonds and proposed bonds. If there are bond requests on multiple projects for the same funding source at the same meeting, these must also be shown. This should be presented in two charts:*
 - i. *A debt service chart that shows existing debt service, debt service on authorized but unissued bonds, other bonds presented at the meeting, principal on the proposed bond issue, interest on the proposed bond issue, and total composite debt service. The chart should include all fiscal years for the life of the bond; and*
 - ii. *A coverage chart that shows the composite debt service, revenues pledged to debt service, pro forma pledged revenues, and a pro forma coverage ratio. The chart should include all fiscal years for the life of the bond.*
3. *New Revenue Generation*
 - a. *Estimated new revenues to be generated by the facilities constructed should be described, to include both one-time and recurring revenues.*
 - b. *These revenues should be reflected in the chart as part of the pro forma pledged revenues.*
4. *Other Funds Available to Pay Bonds*
Describe other funds on deposit or otherwise available to repay the bonds.
5. *Statement of Obligation*
 - a. *Provide a statement of whether:*

- i. *Any special student fee is currently being imposed or contemplated to pay the bond;*
- ii. *If the full faith and credit of the agency or the State of South Carolina are being pledged to the payment of the bonds; and*
- iii. *Whether any mortgage or lien has been or will be given on any real property owned by the state or the agency.*

SOURCE OF FUNDS CHANGE REQUESTS (2015)

This policy was revised by the Joint Bond Review Committee at its meeting on December 8, 2015.

For higher education institutions:

All source of funds change requests that will result in an increase in student tuition or fees will require review of the full Joint Bond Review Committee regardless of the amount of the requests.

Approval authority for source of funds change requests that do not increase tuition or fees will depend on the amount of the requests. Requests for changes up to \$100,000 must be reviewed and may be approved by the Capital Budgeting Unit of the Executive Budget Office. Requests for source of funds changes of \$100,000 but less than \$500,000 must be reviewed by the Research Director of the Joint Bond Review Committee, who will forward a recommendation to the Capital Budgeting Unit of the Executive Budget Office. Requests for source of funds changes of \$500,000 or more will require review of the full Joint Bond Review Committee.

For state agencies:

Requests for source of funds changes up to \$100,000 must be reviewed and may be approved by the Capital Budgeting Unit of the Executive Budget Office. Requests for source of funds changes of \$100,000 but less than \$250,000 must be reviewed by the Research Director of the Joint Bond Review Committee, who will forward a recommendation to the Capital Budgeting Unit of the Executive Budget Office. Requests for source of funds changes of \$250,000 or more will require review of the full Joint Bond Review Committee.

All source of funds change requests approved by the staff of the Capital Budget Unit or the Research Director of JBRC will be reported to the Committee for informational purposes on a semi-annual basis.

PERMANENT IMPROVEMENT PROJECTS FINANCED THROUGH ARRANGEMENTS WITH THIRD PARTIES (2016)

At its meeting on August 2, 2016, the Joint Bond Review Committee discussed potential changes to its current policies regarding permanent improvement projects that involve third parties, lease agreements, and certain bonding methods. Staff was directed to develop a draft policy for the Committee's consideration to address these types of permanent improvement projects.

The policy directs that all leases, contracts, or agreements with a third party (regardless of actual cost or value) associated with a permanent improvement project be provided to the Committee when the permanent improvement project is considered. Such permanent improvement project is to be presented as a single, separate agenda item with all components of the project summarized and each action required by the Committee clearly identified.

The following policy was adopted by the Joint Bond Review Committee on September 13, 2016.

Permanent Improvement Projects Financed through Arrangements with Third Parties

If an agency or institution contemplates entering into one or more leases, contracts, or agreements in connection with a permanent improvement project for facilities with will be funded, constructed, acquired or otherwise improved for, through or on behalf of the agency or institution by any third party (whether

or not related to the agency or institution, including without limitation a foundation, other non-profit, private entity or conduit issuer); or expects to occupy or undertake financial or performance obligations to any related or unrelated third party in connection with a facility constructed, acquired or otherwise improved on situated on state property, the request for review must be presented to the Committee as a single, separate agenda item. The agenda item must include a summary of all components associated with the project for the Committee's information, and each action required of the Committee must be clearly identified.

In order to promote the Committee's ability to make a fully informed decision, the agency must submit documentation that includes:

1. All leases, contracts, trust indentures, resolutions and agreements to be executed among the parties to the transaction, regardless of cost or value;
2. All documentation as applicable for bond approvals pursuant to JBRC policy adopted on October 7, 2014, and amended on September 13, 2016;
3. An executive summary including the following:
 - a. Identification of each principal to the transaction and their role therein;
 - b. All consultants and advisors, their roles therein, and the process by which their services were procured and engaged;
 - c. The purpose of each lease, contract, trust indenture, resolution and agreement, and a summary of its provisions;
 - d. The financial obligations of the parties under each of the documents;
 - e. The financial resources from which each party will make its payment obligations;
 - f. A summary of all covenants, responsibilities or undertakings, financial and otherwise, and their provisions for enforcement, recourse and remedy in the event of non-performance or non-compliance;
 - g. A summary and comparison of each alternative considered by the agency or institution, and the rationale and justification for selection of the alternative presented for Committee review, including without limitation:
 - i. Financial and non-financial considerations;
 - ii. Transaction costs, including comparative interest costs and professional fees;
4. Each specific action or review requested of the Committee (including statutory reference or Committee policy); and
5. Any additional information requested by the Committee or staff on its behalf.

POLICY REGARDING BOND APPROVALS (2016)

In addition to the changes adopted by the Joint Bond Review Committee regarding permanent improvement projects that involve third parties, the Committee adopted changes to the policy adopted in October, 2014, regarding bond approvals.

The following policy change was adopted by the Joint Bond Review Committee on September 13, 2016.

Policy Regarding Bond Approvals

*If an agency/institution submits a request that would result in the addition of bond funds to the project budget, regardless of the type of bonds added, the request for approval of the **permanent improvement project as well as the request for the** bond funds must be brought forward as a **single**, separate agenda item. The agency must submit documentation that includes:*

1. Amount and Type of Bond
2. Revenues Pledged to Pay the Debt Service on the Bond
 - a. Total revenues for the prior fiscal year from the source of funds pledged to pay the debt service on the bond.

particular project or set of circumstances, or any matters of policy adoption, revision or exemption, to the Capital Budget Office for further guidance.

SOUTH CAROLINA CODE OF LAWS TITLE 2 CHAPTER 47

South Carolina Code of Laws
Title 2 – General Assembly
Chapter 47
Joint Bond Review Committee

SECTION 2-47-10. Declaration of legislative findings.

The General Assembly finds that a need exists for careful planning of permanent improvements and of the utilization of state general obligation and institutional bond authority in order to ensure the continued favorable bond credit rating our State has historically enjoyed. It further finds that the responsibility for management of these matters is properly placed upon the legislative and executive branches of government. It is the purpose of this chapter to further ensure the proper legislative and executive response in the fulfillment of this responsibility.

HISTORY: 1976 Act No. 761, Section 1; 1979 Act No. 194, Part I, Section 10; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, in the second sentence, substituted “legislative and executive branches of government” for “General Assembly by our State Constitution”; in the third sentence, substituted “chapter” for “resolution”, and inserted “and executive” following “proper legislative”; and made other nonsubstantive changes.

SECTION 2-47-20. Joint Bond Review Committee created; membership; expenses and assistance.

There is hereby created a six member joint committee of the General Assembly to be known as the Joint Bond Review Committee to study and monitor policies and procedures relating to the approval of permanent improvement projects and to the issuance of state general obligation and institutional bonds; to evaluate the effect of current and past policies on the bond credit rating of the State; and provide advisory assistance in the establishment of future capital management policies. Three members shall be appointed from the Senate Finance Committee by the chairman thereof and three from the Ways and Means Committee of the House of Representatives by the chairman of that committee corresponding to the terms for which they are elected to the General Assembly. The committee shall elect officers of the committee, but any person so elected may succeed himself if elected to do so.

The expenses of the committee shall be paid from approved accounts of both houses. The Legislative Council and all other legislative staff organizations shall provide such assistance as the joint committee may request.

HISTORY: 1976 Act No. 761, Section 2; 1979 Act No. 194, Part I, Section 10; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, in the first undesignated paragraph, substituted “corresponding” for “Terms of members of the committee shall correspond”; and made other nonsubstantive changes.

SECTION 2-47-25. Additional committee members to be appointed.

In addition to the members provided for by Section 2-47-20, two additional members shall be appointed by the Chairman of the Ways and Means Committee of the House of Representatives from the membership of that body. Two additional members shall be appointed by the Chairman of the Finance Committee of the Senate from the membership of the Senate. Members shall serve the same terms as the members of the committee provided for in Section 2-47-20.

HISTORY: 1981 Act No. 179, Section 14; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, made nonsubstantive changes.

SECTION 2-47-30. Powers and duties.

The committee is specifically charged with, but not limited to, the following responsibilities:

(1) to review, prior to approval by the State Fiscal Accountability Authority, the establishment of any permanent improvement project and the source of funds for any such project not previously authorized specifically by the General Assembly;

(2) to study the amount and nature of existing general obligation and institutional bond obligations and the capability of the State to fulfill such obligations based on current and projected revenues;

(3) to recommend priorities of future bond issuance based on the social and economic needs of the State;

(4) to recommend prudent limitations of bond obligations related to present and future revenue estimates;

(5) to consult with independent bond counsel and other nonlegislative authorities on such matters and with fiscal officials of other states to gain in-depth knowledge of capital management and assist in the formulation of short- and long-term recommendations for the General Assembly;

(6) to carry out all of the above assigned responsibilities in consultation and cooperation with the executive branch of government and the authority;

(7) to report its findings and recommendations to the General Assembly annually or more frequently if deemed advisable by the committee.

HISTORY: 1976 Act No. 761, Section 3; 1979 Act No. 194, Part I, Section 10; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, in subsection (1), substituted “State Fiscal Accountability Authority” for “Budget and Control Board”; in subsection (6), substituted “authority” for “Budget and Control Board”; and made other nonsubstantive changes.

SECTION 2-47-35. Establishment of funding priorities.

No project authorized in whole or in part for capital improvement bond funding under the provisions of Act 1377 of 1968, as amended, may be implemented until funds can be made available and until the Joint Bond Review Committee, in consultation with the authority, establishes priorities for the funding of the projects. The Joint Bond Review Committee shall report its priorities to the members of the General Assembly within thirty days of the establishment of the funding priorities.

HISTORY: 1986 Act No. 547, Section 3; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, substituted “authority” for “Budget and Control Board”.

SECTION 2-47-40. Information to be furnished by agencies and institutions.

(A) To assist the authority and the Joint Bond Review Committee in carrying out their respective responsibilities, any agency or institution requesting or receiving funds from any source for use in the financing of any permanent improvement project, as a minimum, shall provide to the authority, in such form and at such times as the authority, after review by the committee, may prescribe:

(1) a complete description of the proposed project;

(2) a statement of justification for the proposed project;

(3) a statement of the purposes and intended uses of the proposed project;

(4) the estimated total cost of the proposed project;

- (5) an estimate of the additional future annual operating costs associated with the proposed project;
- (6) a statement of the expected impact of the proposed project on the five-year operating plan of the agency or institution proposing the project;
- (7) a proposed plan of financing the project, specifically identifying funds proposed from sources other than capital improvement bond authorizations; and
- (8) the specification of the priority of each project among those proposed.

(B) All institutions of higher learning shall submit permanent improvement project proposal and justification statements to the authority, through the Commission on Higher Education, which shall forward all such statements and all supporting documentation received to the authority together with its comments and recommendations. The recommendations of the Commission on Higher Education, among other things, shall include all of the permanent improvement projects requested by the several institutions listed in the order of priority deemed appropriate by the Commission on Higher Education without regard to the sources of funds proposed for the financing of the projects requested.

The authority shall forward a copy of each project proposal and justification statement and supporting documentation received together with the authority's recommendations on such projects to the committee for its review and action. The recommendations of the Commission on Higher Education shall be included in the materials forwarded to the committee by the authority.

(C) No provision in this section or elsewhere in this chapter, shall be construed to limit in any manner the prerogatives of the committee and the General Assembly with regard to recommending or authorizing permanent improvement projects and the funding such projects may require.

HISTORY: 1980 Act No. 518, Section 11; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, added the subsection designators; in subsection (A), substituted "authority" for "State Budget and Control Board (the Board)", deleted "(the Committee)" following "Joint Bond Review Committee", twice substituted "authority" for "Board", and set out the subparagraphs (1) through (8), which formerly were not set out as separate paragraphs; in subsection (B) and the following undesignated paragraph, substituted "authority" for "Board" throughout; and made other nonsubstantive changes.

SECTION 2-47-50. Establishment of permanent improvement projects by authority; review of proposed revisions; "permanent improvement project" defined.

(A) The authority shall establish formally each permanent improvement project before actions of any sort which implement the project in any way may be undertaken and no expenditure of any funds for any services or for any other project purpose contracted for, delivered, or otherwise provided prior to the date of the formal action of the authority to establish the project shall be approved. State agencies and institutions may advertise and interview for project architectural and engineering services for a pending project so long as the architectural and engineering contract is not awarded until after a state project number is assigned. After the committee has reviewed the form to be used to request the establishment of permanent improvement projects and has reviewed the time schedule for considering such requests as proposed by the authority, requests to establish permanent improvement projects shall be made in such form and at such times as the authority may require.

(B) Any proposal to finance all or any part of any project using any funds not previously authorized specifically for the project by the General Assembly or using any funds not previously approved for the project by the authority and reviewed by the committee shall be referred to the committee for review prior to approval by the authority.

(C) Any proposed revision of the scope or of the budget of an established permanent improvement project deemed by the authority to be substantial shall be referred to the committee for its review prior to any final action by the authority. In making their determinations regarding changes in project scope, the authority, and the committee shall utilize the permanent improvement project proposal and justification

statements, together with any supporting documentation, considered at the time the project was authorized or established originally. Any proposal to increase the budget of a previously approved project using any funds not previously approved for the project by the authority and reviewed by the committee shall in all cases be deemed to be a substantial revision of a project budget which shall be referred to the committee for review. The committee shall be advised promptly of all actions taken by the authority which approve revisions in the scope of or the budget of any previously established permanent improvement project not deemed substantial by the authority.

(D) For purposes of this chapter, with regard to all institutions of higher learning, permanent improvement project is defined as:

(1) acquisition of land, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority, up to two hundred fifty thousand dollars;

(2) acquisition, as opposed to the construction, of buildings or other structures, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority, up to two hundred fifty thousand dollars;

(3) work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work involved is one million dollars or more;

(4) architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are not to be included;

(5) capital lease purchase of a facility acquisition or construction in which the total cost is one million dollars or more;

(6) equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract shall be included as a part of a project in which the total cost is one million dollars or more; and

(7) new construction of a facility that exceeds a total cost of five hundred thousand dollars.

(E) Any permanent improvement project that meets the above definition must become a project, regardless of the source of funds. However, an institution of higher learning that has been authorized or appropriated capital improvement bond funds, capital reserve funds or state appropriated funds, or state infrastructure bond funds by the General Assembly for capital improvements shall process a permanent improvement project, regardless of the amount.

(F) For purposes of establishing permanent improvement projects, Clemson University Public Service Activities (Clemson-PSA) and South Carolina State University Public Service Activities (SC State-PSA) are subject to the provisions of this chapter.

HISTORY: 1980 Act No. 518, Section 11; 1993 Act No. 178, Section 4; 2004 Act No. 187, Section 10, eff March 17, 2004; 2005 Act No. 143, Section 3, eff June 7, 2005; 2011 Act No. 74, Pt IV, Section 4, eff August 1, 2011; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

The 2004 amendment added the fourth undesignated paragraph containing items (1) through (6) and the fifth undesignated paragraph relating to the status of projects that meet the definition of permanent improvement project.

The 2005 amendment reprinted the fourth and fifth undesignated paragraphs no apparent change.

The 2011 amendment, in the fourth undesignated paragraph, in subparagraph (1), inserted “, with staff level review of the committee and the Budget and Control Board, Capital Budget Office, up to two hundred fifty thousand dollars”, in subparagraph (2), inserted “, with staff level review of the committee and the Budget and Control Board, Capital Budget Office, up to two hundred fifty thousand dollars”, in subparagraph (3), deleted “construction of additional facilities and” from the beginning, and substituted “one million” for “five hundred thousand”, in subparagraph (5), substituted “in which the total cost is one million dollars or more;” for “and”, in subparagraph (6), added “in which the total cost is one million

dollars or more; and”, and added subparagraph (7); and added the last undesignated paragraph relating to Clemson-PSA and SC State-PSA.

2014 Act No. 121, Section 18.B, added the subsection designators; substituted “authority” for “board” throughout; and in subsections (D)(1) and (D)(2), substituted “State Fiscal Accountability Authority” for “Budget and Control Board, Capital Budget Office”.

SECTION 2-47-55. Comprehensive Permanent Improvement Plan.

(A) All state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan (CPIP) to the Joint Bond Review Committee and the authority. The CPIP must include all of the agency’s permanent improvement projects anticipated and proposed over the next five years beginning with the fiscal year starting July first after submission. The purpose of the CPIP process is to provide the authority and the committee with an outline of each agency’s permanent improvement activities for the next five years. Agencies must submit a CPIP to the committee and the authority on or before a date to be determined by the committee and the authority. The CPIP for each higher education agency, including the technical colleges, must be submitted through the Commission on Higher Education which must review the CPIP and provide its recommendations to the authority and the committee. The authority and the committee must approve the CPIP after submission and may develop policies and procedures to implement and accomplish the purposes of this section.

(B) The State shall define a permanent improvement only in terms of capital improvements, as defined by generally accepted accounting principles, for reporting purposes to the State.

HISTORY: 1993 Act No. 178, Section 5, eff July 1, 1993; 2003 Act No. 5, Section 1; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, in subsection (A), substituted “authority” for “Budget and Control Board”, substituted “authority” for “board” throughout, and made other nonsubstantive changes.

SECTION 2-47-56. Acceptance of gifts-in-kind for architectural and engineering services.

Each state agency and institution may accept gifts-in-kind for architectural and engineering services and construction of a value less than two hundred fifty thousand dollars with the approval of the Commission of Higher Education or its designated staff, the director of the department, and the Joint Bond Review Committee or its designated staff. No other approvals or procedural requirements, including the provisions of Section 11-35-10, may be imposed on the acceptance of such gifts.

HISTORY: 1993 Act No. 178, Section 6; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, substituted “director of the department” for “Director of the Division of General Services”.

SECTION 2-47-60. Joint Bond Review Committee to regulate starting date of certain highway projects.

The Joint Bond Review Committee is hereby authorized and directed to regulate the starting date of the various projects approved for funding through the issuance of state highway bonds so as to ensure that the sources of revenue for debt service on such bonds shall be sufficient during the current fiscal year.

HISTORY: 1993 Act No. 181, Section 32; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, reenacted the section with no apparent changes.

