

DESCRIPTION OF PERMANENT IMPROVEMENT PROJECT FOR CONSIDERATION

December 2, 2021

CLEMSON UNIVERSITY

<b>PROJECT NAME:</b>	Johnstone Hall Core Campus Demolition
<b>REQUESTED ACTION:</b>	Establish Project (Phase I)
<b>REQUESTED ACTION AMOUNT:</b>	\$180,000
<i>Internal Projected Cost:</i>	<i>\$12,000,000</i>
<b>INITIAL CHE APPROVAL DATE:</b>	N/A

**DESCRIPTION:**

Clemson University is seeking a recommendation from the Commission on Higher Education to begin Phase I of a project to demolish Johnstone Hall, Union Building Complex, and some smaller facilities that are associated with University Facilities' Department. The 60-year-old Johnstone Hall and 47-year-old Union Building combined comprise 132,500 square feet. Johnstone Hall is vacant and does not service any students or faculty at this time, while the Union Building is currently in poor condition based on the most recent building condition assessment.

The university has decided that demolition is the best option; with university staff stating that both Johnstone and the Union Building Complex buildings are inefficient and unsuitable for continued use. University staff stated that the phase I design process will determine the use for the space after demolition.

The project was included in Clemson's draft FY 2021-22 CPIP.

**SOURCE OF FUNDS:**

The following outlines the funding source for Phase I of the project:

- \$90,000 from Clemson University's Maintenance and Stewardship Fund
- \$90,000 from Clemson University's Housing Improvement Fund

Maintenance and stewardship funds are Clemson University's accumulation of excess debt service. As of September 15, 2021, the maintenance and stewardship funds account had an uncommitted balance of \$54,598,546. The institution's current fee structure for the Maintenance and Stewardship fund has a per semester fee for full-time in-state students of \$1,005. This amount has gradually increased from \$738 since the 2014-15 per academic year.

Housing improvement funds are transferred housing operation funds required by existing housing revenue bonds for maintenance of the facilities. As of September 17, 2021, the housing improvement funds account had an uncommitted balance of \$17,861,144

**E&G MAINTENANCE NEEDS:**

According to the university, there will not be any maintenance needs due to the buildings being demolished.

**ANNUAL OPERATING COSTS/SAVINGS:**

Clemson anticipates annual savings of \$1,455,000 due to not operating the facilities.

FOR DEPARTMENT USE ONLY	
CHE	_____
JBRC	_____
SFAA	_____
JBRC Staff	_____
ADMIN Staff	_____
A-1 Form Mailed	_____
SPIRS Date	_____
Summary	_____

(For Department Use Only)
SUMMARY NUMBER
FORM NUMBER

**PERMANENT IMPROVEMENT PROJECT REQUEST**

1. AGENCY Code H12 Name Clemson University  
 Contact Person John McEntire Phone 864-656-1238

2. PROJECT Project # \_\_\_\_\_ Name Johnstone Hall / Core Campus Demolition  
 Facility # \_\_\_\_\_ Facility Name Johnstone Hall and Union Building Complex

County Code	39 - Pickens
New/Revised Budget	\$180,000.00

Project Type	5 - Demolish Existing Facilities
Facility Type	4 - Housing/Food Service/Laundry

3. CPIP PROJECT APPROVAL FOR CURRENT FISCAL YEAR  
 CPIP priority number 5 of 5 for FY 22-23.

4. PROJECT ACTION PROPOSED (Indicate all requested actions by checking the appropriate boxes.)

<input type="checkbox"/> Establish Project	<input type="checkbox"/> Decrease Budget	<input type="checkbox"/> Close Project
<input checked="" type="checkbox"/> Establish Project - CPIP	<input type="checkbox"/> Change Source of Funds	<input type="checkbox"/> Change Project Name
<input type="checkbox"/> Increase Budget	<input type="checkbox"/> Revise Scope	<input type="checkbox"/> Cancel Project

5. PROJECT DESCRIPTION AND JUSTIFICATION  
 (Explain and justify the project or revision, including what it is, why it is needed, and any alternatives considered. Attach supporting documentation/maps to fully convey the need for the request.)

This request is to establish a Phase I pre-design project to demolish the approximately 132,500 square foot Johnstone Hall and Union Building Complex, as well as smaller facilities associated with University Facilities' move away from the campus core. Demolition will support the University's broader strategy to prioritize on-campus space for student-centric needs.

Johnstone Hall was built in the 1950's as temporary housing and is well past its useful life. The Union Building was constructed in 1974 and is in poor condition. Johnstone has been vacated, but is in the center of campus and requires expensive maintenance to ensure the safety of students, faculty and staff living and working in close proximity to it. Both buildings are inefficient, unsuitable for continued use and located in the center of campus, adjacent to Tillman Hall and the recently constructed Core Campus residence halls. The design process will determine what will initially replace these buildings on the site; however, it is expected that the buildings will be replaced with green space for student activities.

6. OPERATING COSTS IMPLICATIONS  
 Attach Form A-49 if any additional operating costs or savings will result from this request. This includes costs to be absorbed with current funding.

7. ESTIMATED PROJECT SCHEDULE AND EXPENDITURES  
 Estimated Start Date: December 2021 Estimated Completion Date: June 2025  
 Estimated Expenditures: Thru Current FY: \$180,000.00 After Current FY: \_\_\_\_\_

8. ESTIMATES OF NEW/REVISED PROJECT COSTS

<b>PROJECT #</b>	
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- 1. \_\_\_\_\_ Land Purchase ---->
  - 2. \_\_\_\_\_ Building Purchase ---->
  - 3. 180,000.00 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
- \$180,000.00 TOTAL PROJECT BUDGET

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: _____	
<u>Cost Breakdown</u>	
Design Services	\$ _____
Monitoring	\$ _____
Abate/Remed	\$ _____
Total Costs	<u>\$ 0.00</u>

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 0.00		8115		3043	3043
(1) Dept. CIB, Group			0.00 0.00		8115		3143	3143
(2) Institution Bonds			0.00 0.00					3235
(3) Revenue Bonds			0.00 0.00					3393
(4) Excess Debt Service			0.00 0.00					3497
(5) Capital Reserve Fund			0.00 0.00		8895		3603	3603
(6) Appropriated State			0.00 0.00		8895	68800100	1001	3600
(7) Federal			0.00 0.00			78800100		5787
(8) Athletic			0.00 0.00			88800100		3807
(9) Other (Specify) Maintenance & Stewardship Funds Housing Improvement Funds		90,000.00 90,000.00	90,000.00 90,000.00 0.00		7221 7841	98800100 98800100	4193 4759	3907
<b>TOTAL BUDGET</b>	<b>\$0.00</b>	<b>\$180,000.00</b>	<b>\$180,000.00</b>					

10. SUBMITTED BY:

*Anthony E. Wagner*  
 \_\_\_\_\_  
 Signature of Authorized Official and Title

9.28.21

Date

11. APPROVED BY:

(For Department Use Only)

\_\_\_\_\_  
 Authorized Signature and Title

\_\_\_\_\_  
 Date

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

1. AGENCY Code H12 Name Clemson University

2. PROJECT Project # \_\_\_\_\_ Name Johnstone Hall / Core Campus Demolitions

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) FY 23-24	\$	\$	\$ (1,455,000.00)	\$ (1,455,000.00)
2) FY 24-25	\$	\$	\$ (1,498,650.00)	\$ (1,498,650.00)
3) FY 25-26	\$	\$	\$ (1,543,095.00)	\$ (1,543,095.00)

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

6. Will the additional costs be absorbed into your existing budget?  YES                       NO  
 If no, how will additional funds be provided?  
 N/A - Savings are anticipated from this demolition project.

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. <u>Utilities</u>	<u>(\$727,500.00)</u>
2. <u>Maintenance</u>	<u>(727,500.00)</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>(\$1,455,000.00)</u>

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: Anthony E. Wagner Anthony E. Wagner, Exec VP, Finance/Op                      9-28-21  
 Signature of Authorized Official and Title                      Date

**SECTION 1: GENERAL – TO BE PROVIDED FOR ALL PROPOSALS**

1. Provide the internal projected cost of the project.

\$12,000,000 for Johnstone Hall / Core Campus Demolition

2. Identify the sources of funds to be used for A&E pre-design.

Maintenance and Stewardship Funds and Housing Improvement Funds

3. Describe and define each fund source to be used for A&E pre-design, with specificity. Cite any statutory authority, including the code section or other provision of law for use of the funds for permanent improvement projects. If the source includes any fee, provide the name of the fee, the fee amount, the frequency of collection and when the fee was first implemented.

Maintenance and Stewardship Funds are tuition, matriculation, and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use.

Housing Improvement Funds result from bond covenant-required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded by bond issues.

4. Provide the current uncommitted balance of funds for each source described above.

Maintenance and Stewardship Funds as of 9/15/21 - \$54,598,546

Housing Improvement Funds as of 9/17/21 - \$17,861,144

5. Identify the sources of funds for construction.

Maintenance and Stewardship Funds and Housing Improvement Funds

6. Describe and define each fund source to be used for construction, with specificity. Cite any statutory authority, including the code section or other provision of law for use of the funds for permanent improvement projects. If the source includes any fee, provide the name of the fee, the fee amount, the frequency of collection and when the fee was first implemented.

Maintenance and Stewardship Funds are tuition, matriculation and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use.

Housing Improvement Funds result from bond covenant-required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded by bond issues.

7. Provide the current uncommitted balance of funds for each source described above.

Maintenance and Stewardship Funds as of 9/15/21 - \$54,598,546

Housing Improvement Funds as of 9/17/21 - \$17,861,144

8. Provide the total square footage of the building to be renovated or constructed.

N/A - This project is for demolition of the approximately 132,500 square foot Johnstone Hall and Union Building Complex.

9. If any portion of the building is to be renovated, provide the square footage of the portion that will be included in the renovation.

N/A

10. Describe the programs that will use the constructed or renovated space.

N/A - The project is for demolition of the old Johnstone Hall and Union Building Complex.

11. Provide the current age of the building and building systems to be renovated or replaced.

Johnstone Hall was built in the 1950s as temporary housing and is more than 60 years old. The Union Building was built in 1974 and is 47 years old and in poor condition.

12. If any new space is being added to the facility, provide demand and usage data to support the need.

No new space is being added within the project. Johnstone Hall was built in the 1950s as temporary housing and is well past its useful life. The Union Building was constructed in 1974 and is in poor condition. Johnstone has been vacated but is in the center of campus and requires expensive maintenance to ensure the safety of students, faculty and staff living and working in close proximity to it. Both buildings are inefficient, unsuitable for continued use and located in the center of campus, adjacent to Tillman Hall and the recently constructed Core Campus residence halls.

13. If the A&E pre-design request exceeds 1.5% of the internal estimated cost of the project, provide the reason the amount exceeds 1.5%.

N/A

14. Provide an estimate of the numbers of students, faculty, staff and clients that are expected to utilize the space associated with the project or building.

N/A - the buildings will be demolished.

15. Indicate whether or not the project has been included in a previous year's CPIP. If so, provide the last year the project was included and year for which it was proposed.

The project was included in the 2019, 2020 and 2021 CPIPs and as a Year Two project in the 2021 CPIP.

16. Provide the economic impact of the project or project request, including job creation and retention. If there is no economic impact, provide an explanation.

The economic impact of this project will be significant. Approximately \$12 million in demolition will provide jobs for a significant number of architects, engineers, builders, and tradesmen.

17. Discuss how maintenance of this facility construction/renovation will be addressed and funded.

The University has a comprehensive maintenance stewardship fund which includes funds designated for maintenance, repair, and renovation. Annual prioritization resulting from objective building assessments determines the planned investments in asset stewardship on a building by building and project by project basis. The University targets balances for this maintenance stewardship fund required to adequately protect the physical assets of the University. It is a long-range planning tool/fund and, in that respect, the planned balances match the anticipated needs for annual and long-range stewardship.

18. Provide the name of any account from which costs of deferred maintenance are addressed and its current uncommitted balance. Indicate the sources used to fund the account.

The University has Maintenance and Stewardship Funds (MSF) comprised of tuition, matriculation and other debt retirement and plant fund revenues that are restricted to support capital investment and that are not formally obligated to fund debt service in the current period. These funds are consciously planned for maintenance and renovation needs and are responsibly transferred to and managed by the State Treasurer until the time the State Treasurer approves a qualified use of these funds. As of 9/15/21, the balance in the MSF held by the State Treasurer and not currently committed to identified capital projects is \$54,598,546.

19. If funding for maintenance of this facility construction/renovation has not yet been determined, discuss the steps that have been taken to address and fund maintenance of this and other facilities owned or managed by the agency or institution.

N/A - See response to question 17.

## SECTION 2 – TO BE PROVIDED FOR HIGHER EDUCATION PROPOSALS

20. Indicate whether or not the use of any funds for construction will require an increase in any student fee or tuition. Describe any increase in student fees effected in prior years that has contributed to the availability of these funds.

No student tuition or fee increase will be required for demolition of these facilities. Existing tuition and fees, which did not increase for FY 21-22, are sufficient to cover any costs associated with this project. Please see the answer to question 22 for a history of the fees associated with this funding source. Previous fee increases have provided funding for the University's comprehensive portfolio of E&G facility needs, including not only the University's CPIP, but also continued commitment to preventive maintenance and asset stewardship, renewal and reinvestment. These investments have enabled Clemson to cost effectively steward and maximize the useful life of its existing assets.

21. If the use of any funds for construction includes any student fee, provide the name of the fee, the fee amount, the frequency of collection and when the fee was first implemented.

This project will be funded with a combination of Maintenance and Stewardship Funds and Housing Improvement Funds. Maintenance and Stewardship Funds are tuition, matriculation, and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the

current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use. These funds are detailed below and in response to question 22. Housing Improvement Funds consist of bond covenant-required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded by bond issues. These funds are reflected in the Auxiliary Revenues detailed under question 23.

Tuition fees are collected each semester and have been in place for more than 20 years. Those fees are reflected in the table under question 22 as Maintenance and Stewardship Funds. The current per-semester fees for full-time in-state students are as follows:

Tuition: \$860  
Matriculation: \$5  
Other Debt Retirement & Plant Fund Transfers: \$140  
Total: \$1,005

22. Provide a five-year history of each component within the institution's tuition and fee structure designated or utilized for permanent improvements. Identify the tuition or fee component per student, per semester; the total revenue collected during the academic year; and the fund balance at fiscal year end, all delineated by academic year. Include a projection for the ensuing academic year, and any future academic years in which the fee is projected to increase. Use the following format in responding to this question and provide as many tables as are necessary to promote a clear understanding of the relationship of tuition and fee revenue designated by the institution for permanent improvements, maintenance and other facility-related expense, including debt service.

<b>Academic Year</b>	<b>Amount per student per semester</b>	<b>Total Revenue Collected During Academic Year</b>	<b>Amount Expended for Permanent Improvements</b>	<b>Fund Balance at Year End</b>
2014-15	\$738	\$35,140,000	\$40,628,000	\$55,021,000
2015-16	\$800	\$39,504,000	\$26,633,000	\$68,452,000
2016-17	\$823	\$41,742,000	\$56,095,000	\$53,131,000
2017-18	\$924	\$48,143,000	\$50,461,000	\$52,613,000
2018-19	\$948	\$50,958,000	\$34,116,000	\$69,454,000
2019-20*	\$1,005	\$56,417,000	\$56,700,000**	\$69,736,000***

\*Projection

\*\* Amount expended for permanent improvements include amounts that have been designated for existing projects.

\*\*\* Fund balance reflects the balance not designated for existing projects.



23. Identify any other funds not specifically designated that may be utilized or redirected for permanent improvements, maintenance and other facility-related expense, including debt service. Provide a five-year history of total collections, by fund; amounts applied to or for permanent improvements, maintenance and other facility-related expense, including debt service; and the fund balance at fiscal year end, delineated by academic year. Include a projection for the ensuing academic year, and any future academic years in which the revenue is projected to increase. Describe any portion of the source that originates from any tuition or fee component. Include all permanent improvements without regard to Joint Bond Review Committee or State Fiscal Accountability approval requirements. Use the following format in responding to this question and provide as many tables as are necessary to provide a complete and comprehensive response for each fund.

**Fund Source or Name:** Auxiliary Improvement Funds; **Fund Source:** Auxiliary Net Revenues  
**Description:**

<b>Academic Year</b>	<b>Total Revenue Collected During Academic Year</b>	<b>Portion Collected From Tuition or Fee Revenues</b>	<b>Amount Expended for Permanent Improvements</b>	<b>Fund Balance at Year End</b>
2014-15	\$58,635,000	\$52,201,000**	\$25,144,000	\$25,505,000
2015-16	\$62,317,000	\$55,462,000**	\$30,307,000	\$19,144,000
2016-17	\$68,185,000	\$60,684,000**	\$33,172,000	\$11,830,000
2017-18	\$70,107,000	\$62,395,000**	\$35,767,000	\$1,252,000
2018-19	\$90,157,000	\$80,240,000**	\$30,530,000	\$13,653,000
2019-20*	\$77,834,409	\$69,272,624**	\$23,951,049	\$16,192,777

\*Projection

\*\* Represents estimated collections from student fees based on fund source. Not all auxiliary revenues generated by students are mandatory. For example, parking fees, bookstore purchases, vending purchases, upperclassmen housing, and upperclassmen dining meal plans are voluntary purchases.

Auxiliary Improvement Funds are funds established to maintain and reinvest in the University's Auxiliary facilities. These funds are deposited from the net revenues of the University's auxiliary enterprises (Housing, Dining, Bookstore, Vending, etc.) after payment of debt service associated with Auxiliary Revenue Bond debt service. The table above illustrates the historical and estimated auxiliary revenues as well as permanent improvement project expenditures (including debt service).

**Fund Source or Name:** Athletic Net Revenues  
**Description:**

Athletic Net Revenues used to maintain and reinvest in Athletic Facilities

<b>Academic Year</b>	<b>Total Revenue Collected During Academic Year</b>	<b>Portion Collected From Tuition or Fee Revenues</b>	<b>Amount Expended for Permanent Improvements</b>	<b>Fund Balance at Year End</b>
2014-15	\$88,338,000	\$0	\$5,407,000	\$12,345,000
2015-16	\$114,796,000	\$0	\$11,806,000	\$17,035,000
2016-17	\$153,329,000	\$0	\$48,563,000	\$16,397,000
2017-18	\$134,886,000	\$0	\$20,160,000	\$18,081,000
2018-19	\$136,369,541	\$0	\$11,405,000	\$9,634,000
2019-20*	\$140,678,990*	\$0	\$26,032,741*	\$14,077,910*

\*Projection

24. Describe the fund sources reflected above that will be utilized to support the project that is the subject of this Phase I proposal.

This project will be funded with a combination of Maintenance and Stewardship Funds and Housing Improvement Funds. Maintenance and Stewardship Funds are tuition, matriculation and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use. Housing Improvement Funds consist of bond covenant-required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded with bond issues.

## Total Project Cost

# Johnstone Demolition

	Cost	% of Project	Comment
<b>Construction</b>	<b>\$ 10,288,716</b>	<b>85.7%</b>	
Johnstone Demo site/utility/abatement	\$ 7,354,558		Construction numbers are based on the 2020 estimate by LPA. Escalation is built into these numbers at 5% per year out to July of 2023 the mid point of construction/demolition. An alternate of 4% escalation would reduce the bottom line number by \$500k.
Johnstone site renovation	\$ 900,508		
Facilities site abatement & demo	\$ 1,349,650		
Facilities site renovation	\$ 684,000		
<b>Professional Service Fees &amp; Expenses</b>	<b>\$ 511,284</b>	<b>4.3%</b>	
Basic Services	\$ 411,549		
Additional Services	\$ 50,000		
Reimbursable Expenses	\$ 50,000		
<b>Other Project Costs</b>	<b>\$ 200,000</b>	<b>1.7%</b>	
Project Mangement	\$ 120,000		1% of project value
Campus Plan Fee	\$ 60,000		.5% of project value
Facilities General Support	\$ 20,000		Utility locations, Survey support, etc.
<b>Contingency</b>	<b>\$ 1,000,000</b>	<b>8.3%</b>	
Total Project Contingency	\$ 1,000,000		% of construction + Prof Svcs +Other costs
<b>Total Project Cost</b>	<b>\$ 12,000,000</b>	<b>100%</b>	