STATE FISCAL ACCOUNTABILITY AUTHORITY REGULAR SESSION

MEETING OF October 17, 2017 ITEM NUMBER 3

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC Department of Administration Lease at 1628 Browning Road in Columbia

The SC Department of Administration (Admin) is requesting approval to lease 16,966 SF located at 1628 Browning Road in Columbia from Browning Office Investment, LLC (the "Landlord") for its SC Enterprise Information System (SCEIS) staff. Admin currently leases 16,545 SF for SCEIS at this location under a lease that expired August 31, 2017 and is in holdover status. The additional 421 SF is necessary to accommodate cubicles for eight (8) additional FTEs.

A solicitation was conducted and five proposals were received, of which the selected location represents the lowest bid. The space meets the state standard of 210SF/person with a density of 135SF/person. The term of the lease shall be for seven (7) years beginning on November 1, 2017. Basic rent for the first year of the term shall be $13.25/SF, which includes all operating and maintenance costs. Thereafter, basic rent shall increase by two and one-half (2 ½) percent annually as follows:

TERM	PERIOD: FROM - TO	ANNUAL RENT	MONTHLY RENT	RENT PER SF
YEAR 1	11-01-2017 to 10-31-2018	$224,799.48	$18,733.29	$13.25 rounded
YEAR 2	11-01-2018 to 10-31-2019	$230,398.32	$19,199.86	$13.58 rounded
YEAR 3	11-01-2019 to 10-31-2020	$236,166.72	$19,680.56	$13.92
YEAR 4	11-01-2020 to 10-31-2021	$242,104.80	$20,175.40	$14.27 rounded
YEAR 5	11-01-2021 to 10-31-2022	$248,042.88	$20,670.24	$14.62 rounded
YEAR 6	11-01-2022 to 10-31-2023	$254,490.00	$21,207.50	$15.00
YEAR 7	11-01-2023 to 10-31-2024	$260,767.44	$21,730.62	$15.37 rounded
TOTAL		**$1,696,769.64**		

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

Tenant	Location	Rate
Vacant	220 Stoneridge Drive	$17.00/SF
Vacant	107 Westpark Boulevard	$16.50/SF
Office of the Adjutant General	810 Dutch Square Boulevard	$17.43/SF
Vacant	121 Executive Center Drive	$16.00/SF

Above rates are subject to escalations over the term.

AGENCY: Department of Administration, Facilities Management and Property Services

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The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of $20.21 in the Columbia market. The lease also provides for free use of the surface lot surrounding the facility which has sufficient parking to accommodate staff and visitors.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on October 10, 2017.

AUTHORITY ACTION REQUESTED:

Approve the proposed lease for the SC Department of Administration at 1628 Browning Road in Columbia as recommended by the Department of Administration, Facilities Management and Property Services.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Sections 1-11-55 and 1-11-56; SC Department of Administration, SCEIS Letter Dated September 15, 2017

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: October 17, 2017 **Regular Agenda**

1. **Submitted by:**
   (a) Agency: Department of Administration
   (b) Authorized Official Signature:

Ashlie Lancaster, Director
Facilities Management and Property Services

2. **Subject:** SC Department of Administration Lease at 1628 Browning Road in Columbia

3. **Summary Background Information:**

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The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of $20.21 in the Columbia market. The lease also provides for free use of the surface lot surrounding the facility which has sufficient parking to accommodate staff and visitors.

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4. **What is SFAA asked to do?** Approve the proposed lease for the SC Department of Administration at 1628 Browning Road in Columbia.

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5. **What is recommendation of the Department of Administration?** Approve of the proposed lease for the SC Department of Administration at 1628 Browning Road in Columbia.

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6. **List of Supporting Documents:**
   - SC Code of Laws Sections 1-11-55 and 1-11-56
   - SC Department of Administration, SCEIS Letter Dated September 15, 2017

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

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

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

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

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

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

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011; 2013 Act No. 31, Section 1, eff May 21, 2013; 2014 Act No. 121 (S.22), Pt V, Section 7.A, eff July 1, 2015.

Code Commissioner's Note

The last sentence in subsection (2), which was added by 2011 Act No. 74, was inadvertently omitted from 2014 Act No. 121 due to a scrivener's error. At the direction of the Code Commissioner, this sentence has been retained in subsection (2).

Effect of Amendment

The 2011 amendment, in subsection (2), added the third sentence relating to technical colleges.

The 2013 amendment, in subsection (1), substituted "Legislative Services Agency" for "Office of Legislative Printing, Information and Technology Systems".

2014 Act No. 121, Section 7.A, in subsection (1), substituted "agency, government corporation, or other establishment or official of the executive branch" for "legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches"; in subsection (2), substituted "Division of General Services of the Department of Administration" for "Budget and Control Board"; in subsection (3) substituted "division" for "office" in three instances, and substituted "department" for "board"; in subsection (4), substituted "department" for "board"; and in subsection (5), substituted "Division of General Services of the Department of Administration" for "Office of General Services".

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

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

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

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

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

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

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

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

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

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

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

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

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

HISTORY: 1997 Act No. 153, Section 2; 2014 Act No. 121 (S.22), Pt V, Section 7.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 7.B, added subsection designator (A); in subsection (A), substituted "Division of General Services of the Department of Administration" for "State Budget and Control Board", substituted "a governmental body" for "state agencies", and added the second sentence relating to regulations; in subsection (A)(6), substituted "department" for "board's budget office", and deleted text relating to prior review by the Joint Bond Review Committee; rewrote subsection (A)(7); and added subsections (B) and (C) .

admin
THE SOUTH CAROLINA
DEPARTMENT of ADMINISTRATION

Henry McMaster, *Governor*
Marcia S. Adams, *Executive Director*

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

September 15, 2017

RE: Lease for 1628 Browning Rd

Dear Ms. Lancaster:

The South Carolina Enterprise Information System, a Division of The Department of Administration, requests approval by the State Fiscal Accountability Authority (SFAA) at its meeting on October 17, 2017; of a lease with Browning Office Investments, LLC represented by CE Richard Ellis for approximately 16,966 square feet of office space at 1628 Browning Road, Columbia, SC.

Five proposals were received in response to our solicitation. After evaluation we concluded that our current location best meets our needs and represent the least costly bid over the term. Among our considerations were the proximity of the location to our clients, stakeholders and partners, and avoiding the estimated $100,000 cost of moving and the associated loss of productivity.

Additionally, we evaluated each proposed space not just in terms of the space itself, but also in terms of how well the building location and surrounding environment contribute to the overall safety and security of our employees and clients. Of the locations under consideration, our current location possesses the strongest combination of these attributes.

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

Sincerely,

Ed Pearce
SCEIS Deputy Director