

**THE STATE BOARD OF COMMUNITY COLLEGES**

**THE DIVISION OF BUSINESS AND FINANCE**

**Business Case Analysis for Relocating the System Office**

**Request for Approval to Seek Advanced Planning Funds**

**Request:**

The State Board is asked to approve the relocation of the North Carolina Community College System Office from the Caswell Building to the Centennial Campus of North Carolina State University, and to make application to the 2008 Session of the General Assembly for advanced planning funds for the construction of a new facility thereon. The advanced planning funding request will be for approximately \$4,300,000.

**Background:**

The following are a series of events leading to this “request” of the State Board:

1. **Deterioration of the Caswell Building:** From July 1, 2001 through December 30, 2007 (6.5 years), 1,316 work orders for repairs have been called into the Department of Administration’s “Facility Services Section” for the Caswell Building (Caswell). Based upon the fact that there are 260 workdays in a year, this equates to one work order every 11 work hours. The nature of the repairs include 45 pest control issues; 118 elevator repairs; 124 carpentry repairs related to the roof, doors, ceiling, windows or floors, 123 housekeeping issues; 187 electrical repairs related to lighting, receptacles, breakers, and alarms; 242 heating and air conditioning repairs related to systems failures, leaks, odors, no hot water, thermostats, air handlers, and chillers; 344 plumbing repairs related to leaking toilets, stopped floor drains, sewers, and minor flooding; and, 133 other odd repairs. In June 2005, the System President wrote to the Governor outlining both health and safety issues in Caswell, including falling elevators.
2. **Allocation of Renovation & Repair Funds:** Following several years of written expressions of concerns about the deterioration of Caswell by the System President and Vice President for Business & Finance, the Office of State Budget and Management allocated \$472,700 for superficial renovation of Caswell (finishes, lighting, etc.). In a June 14, 2005 letter from State Budget Director David McCoy, it was stated: “You should be aware that the Department of Administration has submitted a preliminary list of requests from the 2005-06 Renovation and Repair reserve, and a renovation of the Caswell Building is included as a high priority.” In total, \$2.4 million is now allocated to renovation of Caswell.

3. **Reconfiguration of the Caswell Building:** As a result of the conversion of contractor positions to System Office employees related to the College Information System, over twenty (20) additional staff has been added to an already crowded Caswell Building. In mid-2006, the State Property Office was asked to conduct a “Space Utilization Study” of Caswell. It was determined that if the entire building was reconfigured and workspace downsized, and break space converted, then the building could accommodate additional staff in tight quarters. The Governor and General Assembly funded the procurement of new office panels to reconfigure and downsize employee work space. In addition, the old Caswell Café and Print Shop were recaptured as work space.
4. **Engineering Studies/Code Deficiencies:** As a part of the renovation of Caswell, two engineering studies have been conducted. They include both electrical and HVAC studies, wherein deficiencies were found related to building codes, building ventilation, and power quality. In addition, Caswell IS NOT sprinkled for fire protection of employees, nor does the rear stairwell meet the 1936 State Building Code.
5. **Loss of Employee Parking:** As a result of the Green Square construction project, the System Office has LOST a total of 63 parking spaces (out of 149 – 42%) in four (4) parking lots adjacent to Caswell, thereby forcing the relocation of staff. Employees now must walk a minimum of one block and a maximum of four blocks to parking. This creates security concerns for female employees, especially in the evening.
6. **Conversations with State Government Partners:** Over the past twelve months, conversations related to alternatives to residency in the Caswell Building for the System Office. The reason for these conversations was to seek alternatives to the gross negative impacts upon staffs as the result of a “renovation during occupancy.” Conversations have been held with the following entities:
  - North Carolina State University – Centennial Campus Development Office (NCSU-Centennial)
  - Assistant Secretary of the Department of Administration
  - The Office of State Budget & Management
  - The Office of State Construction
  - The Fiscal Research Division of the North Carolina General Assembly

The results of these conversations indicated a willingness and receptiveness of state government (generally) and NCSU-Centennial (specifically) to consider a relocation of the System Office from Caswell to another location, given the magnitude and complexity of a renovation while occupied.

#### **Presentation to the State Board:**

It should be noted that it was critical to have state government partner conversations before conversations could be established with the State Board. If, as the result of the initial conversations, there was an unwillingness to consider the relocation of the System Office from Caswell by state government (generally), then conversations with the State Board would have been moot.

Given the positive feedback, the request for relocation was presented to the Chairwoman of the State Board of Community Colleges. She immediately tasked the Vice President of Business and Finance to develop and bring forth “A Business Case Study for the Relocation of the System Office” as an “Information item” to the State Board. The “Business Case” was presented in March 2008. The State Board elected to make this a “For Action” item for further discussion in April, 2008.



The state is currently using this model by tearing down buildings in the Green Square/across the street from the Caswell Building, and building a new administrative building for the Department of Environment, Health and Natural Resources. Precedent actions taken by the state include constructing new buildings for the Department of Public Instruction and the Department of Revenue, moving those agencies into them, and then moving other state agencies into the re-captured space.

**Response to the Relocation and Construction of a New Building from Community College Family Partners:**

In order to gauge the level of support or opposition within the community college family from Presidents and Presidents, the following actions have been taken in the interim period between State Board meetings:

- On March 14, 2008, Association of Community College Presidents – President Dr. Patricia Skinner asked the Vice President of Business and Finance to e-mail BOTH the Business Case Study and the presentation remarks made to the State Board to all 58 community college presidents. Following this action, the feedback was most positive.
- On March 20, 2008, the Finance Committee of the President’s Association discussed the Business Case study at length, and voted unanimously to endorse the relocation of the System Office and construction of a new building.
- On April 3, 2008, the Vice President of Business and Finance presented the Business Case Study to the Executive Committee of the Association of Community College Trustees. [Dr. Linwood Powell and Mr. Richard Sullins were present]. As a result of this presentation, and support from the Executive Director Dr. Donny Hunter, the Executive Committee voted unanimously to endorse the relocation of the System Office and construction of a new building.

Thus far, the community college family has been supportive of the relocation and construction of a new building.

**Timeliness of Request and State Board Approval:**

The process of seeking improvements to the Caswell Building began in the summer of 2005. As this process unfolded, it became clear that the scope of the project was escalating and that there were complexities and issues surrounding renovating during occupancy that made it unsatisfactory. Alternative conversations were pursued with state government partners, as the System Office is both an agency of state government and a tenant in the Caswell Building. As such, it was incumbent upon System Office to pursue other options for the benefit of the employees thereof. The conversations and exploration of options took just over a year. When they were satisfactorily completed, the Chairwoman of the State Board was approached about providing information to the State Board, which resulted in the presentation of “A Business Case Study for the Relocation of the System Office” as an “Information item” to the State Board in March 2008.

As is the case in the process of State Government budgeting, the request for funding is cyclical in nature. In the fall of odd years of the biennium, a two-year budget is prepared for submission to the Governor. In even numbered years, this process is conducted in the late winter for the ensuing short session. In either case, appropriations are made only once each year.

The timing of the conclusion of conversation, exploration, and research, and the presentation of the Business Case Study, coincide to seek approval of the State Board for advanced planning funding in the 2008 Session of the General Assembly. Otherwise, a full year is lost, and the interim Caswell continues to deteriorate.

**Requested Action:**

The State Board is asked to approve the relocation of the North Carolina Community College System Office from the Caswell Building to the Centennial Campus of North Carolina State University, and to make application to the 2008 Session of the General Assembly for advanced planning funds for the construction of a new facility thereon. The advanced planning funding request will be for approximately \$4,300,000.

This action includes the development of a proposal, contingent upon funding, to North Carolina State University, for the relocation to Centennial Campus.

**Responsible Party:**

Kennon D. Briggs  
Vice President for Business & Finance

Thomas M. Hunter, Jr.  
System Facilities Engineer