

**PHONE MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, January 22, 2014– 9:00 A.M.**

Present: Mr. Jeremiah White, Jr., presiding, Mr. Matthew Bergheiser, Stella Tsai, Esq., Dr. Judith Gay, Mr. Gary Bixby, Mr. Harry Moore, Mr. James P. Spiewak and Jill Weitz, Esq.

AGENDA – PUBLIC SESSION

(1) 1500 Spring Garden Street Lease (Information Item):

Mr. Spiewak explained that the existing lease at 1500 Spring Garden Street expires on July 31, 2015. There is no guarantee that the existing 1500 Spring Garden Street lease can be renewed at the end of the current lease. The current lease agreement allows for termination on that date without notice by either party. Currently the College utilizes this space to house the following Departments: Human Resources (14 staff members), Institutional Advancement (14 staff members), and Communications (15 staff members). Until significant new space is created on the Main Campus, there is no feasible way to relocate all of the College's administrative and support staff back to one of the permanent buildings. The current 1500 Spring Garden Street space (10,932 square feet) is too small to accommodate existing staff well. Additionally, the pressure for additional office space to support grants is growing. Future growth in staffing either by unfreezing currently identified positions, or entire new positions (e.g., to support the new capital campaign) cannot be accommodated. Storage space, especially for HR personnel files, is inadequate and the current HR Testing area is less than desired. At the moment, the 1500 Spring Garden Street space is essential to maintain.

During the summer of 2013, the building owner's leasing agent approached the College with a proposal to move to the second floor of the building. This proposal is to lease 18,282 square feet and has many advantages:

- It is enough space to accommodate all current staff and additional staff in well-designed work areas.
- HR storage and file management issues, including a future document imaging room, can be fully addressed.
- New space provides an opportunity to correct any design layout mistakes made in the original office layout.
- The proposed lease terms are very favorable for the College. Even though we will occupy more space, in the first year we will only pay for our current amount of space (10,932 square feet). In the second year, the College will be paying for 14,607 square feet rental; and the third year, the College will be paying for the full 18,282 square feet rental.

Our current rate is \$19.50 per square feet and the contractual rate for fiscal year 2014-15 is \$20.00 per square feet or \$218,640. For fiscal year 2014-15, the College would not incur any additional rental costs. For fiscal year 2015-16, lease costs would increase by \$79,000 and for fiscal year 2016-17, lease costs would increase by another \$82,600.

The proposed lease will extend eight years beyond the current lease. This will provide adequate time to identify and implement the necessary campus development initiatives needed to relocate the three functions into permanent buildings.

The College will receive a build-out allowance of \$35 per square foot for renovation costs. Mr. Moore noted that this proposal provides for a five-year extension at the option of the College. Staff intend to bring the final lease proposal to the Business Affairs Committee in March, 2014 with an expected move-in date of August 1, 2014.

In response to an ownership question, Mr. Moore responded that the property was recently sold to 1500 Net-Works Associates, L.P. in Brooklyn, New York, and is currently being managed by Nightingale Realty, LLC. The leasing agent continues to be CBRE. In response to a question from Ms. Tsai concerning time-frames and build-out costs, Mr. Spiewak stated that over the next two months, the College will be working with the owner's architect to design floor plans as desired by the departments. The owner offered a build-out allowance of \$35 per square foot. An additional \$5 per square foot allowance would need to be amortized over the 10-year lease term. Any additional build-out costs would need to be borne by the College.

In response to Mr. White's question concerning the use of the 18,000 square foot space, Mr. Spiewak noted that preliminary plans for the three departments, along with the conference room space and corridor will account for approximately 14,000 to 15,000 square feet. The additional space can be utilized to house programs funded with short-term grants or by "back office" type operations. No decision has yet been made.

(2) Resolution of Support for 2014-15 PDE Capital Applications (Action Item):

Discussion: Mr. Spiewak explained that all capital applications annually submitted to the State require a Board Resolution of Support for the Project to be included with the application. Projects are considered either cash projects (\$1 million or less) or projects that will require debt service. For fiscal year 2013-14, the College submitted six projects as well as the extra costs associated with the Chemistry Lab loan, which was approved. The five other projects were debt service for the Biology lab renovations; debt service for the second and fourth floor West Building Projects [Architect, Design and Construction (ADC); Math, Science and Health Careers Divisional Office; Biochemistry Lab; and Engineering Tech Lab]; debt service for West Building escalators; cash projects for converting 10 classrooms to smart technology; and cash project for the Mint Step restoration.

Three new capital applications for cash projects are planned to be submitted for the 2014-15 fiscal year:

- Overhaul/Replacement of Mint Building freight elevator - \$300,000
- Overhaul/Replacement of Bonnell Building freight elevator - \$225,000
- Conversion of additional ten general-purpose classrooms to smart classrooms - \$450,000

The first two projects involve the overhaul of existing freight elevators in the Mint and Bonnell Buildings. The elevators are extremely important for moving deliveries from the 16th Street receiving dock to their destination. They are also heavily used by Facilities and IT staff in their daily operations. The Mint Building elevator has become increasingly unreliable and a safety concern. The Bonnell Building elevator is the only elevator from the original campus that has not been overhauled.

The last project is a continuation of the College's plan to convert ten general-purpose classrooms to smart classrooms per year. At the same time the basic technology is being introduced into the classroom, the overall classroom environment will be enhanced. This will include new flooring, new classroom furniture designed to support collaborative learning and new lighting configurations to ensure optimal visibility for digital images.

Action: Mr. Bergheiser moved and Ms. Tsai seconded the motion that the Committee recommend to the full Board that the 2014-15 State Capital Project Applications be submitted for the following projects:

- Overhaul/Replacement of Mint Building freight elevator - \$300,000
- Overhaul/Replacement of Bonnell Building freight elevator - \$225,000
- Conversion of additional ten general-purpose classrooms to smart classrooms - \$450,000

The motion passed unanimously.

(3) Renovations to Parking Garage (Action Item):

Discussion: Mr. Spiewak explained that the College's main six-story garage opened in March, 1986 and is in need of maintenance efforts to ensure its structural integrity. The College utilized the services of Carl Walker, Inc. to survey the facility and develop a plan of action for addressing deferred maintenance issues. A five-year plan was developed based upon the priority of issues to be addressed. This year's project involves the following efforts:

- Slab repairs throughout the garage
- Concrete repairs to beams, columns, spandrel panels throughout the garage
- Repair steel connections between precast elements
- Remove and replace construction and control joint sealants on top level
- Rout and seal slab cracks where required
- Apply concrete sealer/mitigating corrosion inhibitor to roof level and exposed portion of fourth level
- Replace stair tower doors and frames
- Repair damaged expansion joint gland on roof level

A construction bid process has been completed. A total of 9 bids were received. Bid results are summarized below.

Watts Restoration	\$311,287
Quinn Construction	335,503
Anthony Biddle Construction	392,544
Joseph Dugan Inc.	448,760
Milestone Construction	497,629
Maarv Waterproofing	499,295
Structural Maintenance	514,910
A.P. Construction	615,644
Mara Restoration	671,875

This project is primarily a labor project with the contractor drawing workers from labor unions (Bricklayer and Allied Craftworkers Local 1-PA; Cement Masons #592; and the Philadelphia Laborers Local #332). Watts Restoration has identified an MBE and WBE from which a small amount of materials, approximately \$13,000, will be purchased. Work will commence once weather permits.

Action: Ms. Tsai moved and Mr. Bergheiser seconded the motion that the Committee recommend to the full Board that the contract be awarded to Watts Restoration at a cost of \$311,287. The motion passed unanimously.

(4) Construction Project Update (Information Item):

Mr. Bixby provided an update on construction projects currently underway in the West Building. These projects included the comprehensive renewal of all chemistry labs, creation of a research lab, and conversion of the recently-vacated architecture programs' spaces to new bio-chemistry and engineering technology program labs.

All work is currently on schedule with rooms to be turned over for use in phases with all construction activity on the fourth floor of the West Building completed by August 31, 2014.

(5) Additional Discussion

Mr. Spiewak responded to Mr. White's question on the fiscal year 2015 budget by stating that the budget process is underway. As a part of this process, areas are developing divisional objectives tied to the 2013-17 Strategic Plan, some of which may require additional resources beyond a steady-state budget. College staff will present priorities to the Executive Level of the Board or the Business Affairs Committee in March.

The RFP for external auditing services is being issued this week. A five-year time period is planned. Mr. White will participate in initial interviews, as his schedule permits. The finalists will be presented to the Business Affairs Committee at the March 19, 2014 meeting, or at the April 23, 2014 meeting if additional time to review proposals is needed. Fiscal year 2013-14 field audit work will not begin until after the March 1, 2014 Board meeting. Mr. White noted that an additional member is needed to replace Mr. Downs on the Audit Committee.

Staff will present an update on the Facilities Master Plan at the next meeting.

(6) Next Meeting Date

The next meeting of the Committee is scheduled for Wednesday, March 19, 2014 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

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