

ST. PETERSBURG COLLEGE

PROVOST MEETING

MARCH 29, 2022

JOSEPH H. LANG, SR.
STUDENT SUCCESS
CENTER





MEETINGS WITH SPC

WHAT ARE OUR NEEDS/OUR "DEMAND"?



SPC's real estate portfolio has been created to support SPC's mission. In order to "right-size" the real estate footprint, SPC must first confirm its current day mission, asking some key questions:

- What do we want to be now.... and in ten years?
- Have we added programs and course offerings beyond our core mission?
- Does our real estate portfolio support our core mission? Or has it grown to support programs that are beyond our core mission?
- Do we have clarity on whether SPC partners benefit SPC in all cases and compensate us appropriately? Or do we spend more than we receive?
- Do we want to invest in programs that are outside our core mission? More importantly, do we want to spend capital on the real estate and operating expenses supporting these programs?
- How is our mission and our future affected by online learning and flattening enrollment trends?
- Do we need to restate our mission and then optimize our real estate footprint to match?

- **Consolidation of programs/campuses:** There was a general sense that SPC could better optimize its classroom spaces across all campuses by consolidating various campus/centers into main locations. Examples include:
 - Reduce paramedic/EMT courses to two locations, preferably at Allstate and Tarpon Springs
 - Strategically locate various science classes across portfolio to ensure accessibility to AS degrees across multiple campuses
 - Consider flexibility of spaces for increasing virtual/hybrid learning experiences (e.g. furniture and computer labs)
- **Preserve accessibility of programs across Pinellas County:** While some duplication could be reduced, it's important for SPC to continue to offer programs across various campuses to ensure all county members have access to SPC's resources.
 - Also important for each campus to have relatively similar quality of experience – ideally, no campus should be considered “better” than the other
- **Renovate and future-proof SPC's existing spaces:** Opportunity to renovate and/or adjust several existing spaces to better meet SPC's current and future needs. Examples include:
 - Create larger lab spaces to better align with lecture class sizes
 - Integrate larger classroom spaces on campuses to provide more flexibility
 - Increase number of computer labs, especially with increasingly more virtual learning environments
 - Ensure proportions of classrooms align with best practices (e.g., eliminate “narrow” classrooms, appropriate distance between lecturer and students, etc.)
- **Maintain advantageous partnerships:** While SPC's numerous partnerships benefit its students and the community, SPC should make sure the partnerships align with SPC's goals and objectives:
 - Ensure space-sharing/resource-sharing is appropriate to each partnership and rent is commensurate to partners' needs
 - Periodically review partnerships to understand alignment with SPC programming
 - HEC – opposing viewpoints on partners

STRATEGIC RECOMMENDATIONS

OPTIMIZING THE "SUPPLY" OF SPACE/CLASSROOMS

C&W categorizes potential surplus assets not only based on value but also according to the ease or complexity of sale. The following table represents how we typically categorize surplus assets. Note that a key criteria for managing surplus property is how each asset is viewed through a political lens. Properties deemed important to the public often require a strategy other than fee simple sale.

PRIORITIZATION MATRIX

| | | | |
|---|-------------|--|--|
| REVENUE GENERATION/ COST SAVINGS | High | <p style="text-align: center;"><i>Tier One</i></p> <ul style="list-style-type: none"> • High-value, low barriers • Short-term payback • Minimal Operational Disruption | <p style="text-align: center;"><i>Strategic Projects</i></p> <ul style="list-style-type: none"> • High-value, complex • Longer-term payback • Larger Operational Disruption |
| | Low | <p style="text-align: center;"><i>Small Wins</i></p> <ul style="list-style-type: none"> • Low-value, low barriers • Immediate payback • Minimal Operational Disruption | <p style="text-align: center;"><i>Proceed With Caution</i></p> <ul style="list-style-type: none"> • Low-value, complex • Longer-term payback • Larger Operational Disruption |
| | | Low | High |
| | | COMPLEXITY LEVEL | |

Based on our review of SPC’s portfolio and conversations with SPC stakeholders, properties that may be determined to be non-core to SPC’s mission and/or may also suffer from low utilization, deferred maintenance, and/or functional obsolescence are as follows:

| Tier One Properties | Building/Site | Description | Comments |
|------------------------|---------------------------------|--|--|
| | St. Pete Gibbs Wellness Center | 20,732 SF building on 6.31 +/- Acres (275,000 SF) ~610' x 361' | Building in need of capital repairs, no longer supports SPC programs/functions |
| | Coliseum Parking Lot | Irregular; 67,201 SF +/- (1.54 Acres); 367' x 200' | Vacant land next to SPC Epi Center. No plans to be developed by SPC. |
| | Health Education Center (Annex) | 50,138 SF building on 3.66 acres; ~248' x 600' | Building in need of capital repairs, no longer supports SPC programs/functions |

Buildings that are in good condition but may be considered as non-core to SPC’s mission and goals, are as follows:

| Small Wins | Building/Site | Description | Comments |
|---------------|---------------|-------------|---|
| | Bay Pines | 12,569 SF | Bay Pines only has 3 classrooms and labs which are only utilized at 7% of capacity. This building is lightly utilized and therefore represents unnecessary cost to SPC |
| | Vet Tech | 32,514 SF | Vet Tech has 3 classrooms/labs that are utilized at 36% capacity, above the portfolio average of 28%. However, SPC is considering the program to be outside its core mission. |

Properties that are well utilized but are old, suffer from deferred maintenance, and represent significant real estate value that can be leveraged by SPC are as follows: These properties represent significant opportunity for SPC to access otherwise constrained capital that can be redeployed. Both properties are being studied by the C&W team for Public Private Partnership opportunities or other monetization scenarios.

Strategic
Projects

| Building/Site | Description | Comments |
|-------------------------------|---|--|
| All State Center | Three buildings of 138,748 SF, 23,261 SF, and 8,716 SF on 22.13 +/- Acres | Main buildings in need of capital repairs. Some programs appear to be non-core for SPC's mission. Land represents significant market value. |
| Health Education Center (HEC) | 4 buildings totaling 220,142 SF | HEC Building is in need of capital repairs and is functionally obsolete for some HEC needs. A 2018 Castaldi report estimates renovation costs of \$21.9M. Land and buildings represent significant market value. |

C&W recommends that SPC evaluate EpiCenter for potential disposition, or strategies to improve utilization and overall building economics. The classrooms in this building are underutilized and the building has significant amounts of lightly used conference and meeting spaces. Pinellas County occupies 45,227 SF (34.7%) and pays SPC its pro rata share of operating expenses for their space.

Strategic
Projects

| Building/Site | Description | Comments |
|---|--|--|
| EpiCenter (excluding Services building) | Building 1 is 130,199 SF. The Services building is an additional 53,729 SF, for a total of 183,928 SF. The site measures approximately 3.66 acres. | This building is in good condition and the interiors are fit out well. The classrooms are not well utilized and the space in general is inefficient. SPC also leases space to Pinellas County at rates that only cover building operating costs. |

Prioritizing Properties for Disposition:

Categorize assets based on value, ease of sale, risk, etc.

| | | Prioritization Matrix | | |
|--|-----|--|------|--|
| High Revenue Generation/ Cost Savings | 1 | Tier One <i>HEC Annex</i> <i>Gibbs Wellness Center</i> <i>Coliseum</i> | 2 | Strategic Projects <i>All State Center</i> <i>HEC</i> <i>EpiCenter</i> |
| | 3 | Small Wins <i>Vet Tech</i> <i>Bay Pines</i> | 4 | Proceed With Caution |
| Low | Low | Complexity Level | High | |

Strategic Recommendations

B. Surplus Property Strategy



| | Building/Site | Value Estimate | Annual Opex Savings (@\$7.68) | Castaldi Report Renovation Estimate | Value to SPC |
|---------------------|---------------------------------|---|---------------------------------|-------------------------------------|--------------------------------------|
| Tier One Properties | St. Pete Gibbs Wellness Center | \$3.15 - \$4.4 M | \$159,222 | NA | \$3.3 - \$4.5 M |
| | Coliseum Parking Lot | \$850,000 - \$1,000,000 | NA | NA | \$.85 - \$1 M |
| | Health Education Center (Annex) | \$4.5 - \$4.8 M | \$385,060 | \$12.1 M | \$17 - \$17.3 M |
| | Subtotal | \$8.5 - \$10.2 M | \$545,000 | \$12.1 M | \$21.2 - \$22.8 M |
| Strategic Projects | Allstate Center | \$17.4 - \$18.3 M | \$1,311,168 | NA | \$18.7 - \$19.6 M |
| | Health Education Center (HEC) | \$8.5 - \$10.0 M | \$1,690,690 | \$21.9 M (2018) | \$10.2 - \$11.7 M |
| | Epi Center (excluding Annex) | \$14.0 - \$16.5 M 1) (including County share) 2) \$8.7 - \$10.2 M (Net of County Share-38% | \$669,952 (SPC portion only) | NA | \$9.4 - \$10.9 (SPC portion only) |
| | Sub Total | \$34.6 - \$38.5 M | \$3.6 M | \$21.9 M | \$38.3 - \$42.2 M |
| Small Wins | Bay Pines | NA | \$96,529 | NA | \$96,529 |
| | Vet Tech | NA | \$249,707 | NA | \$249,707 |
| | Subtotal | | \$346,236 | | \$346,236 |
| Grand Total | | \$43.1 M | \$4.5 M | \$34 M | \$59.8 M - \$65.4 M |



| Opportunity | Why? | Proposed Changes |
|---|---|---|
| <i>Centralize Scheduling Process & Data</i> | Overall room utilization is low, and there is room for increased utilization in even the best utilized spaces | <ul style="list-style-type: none"> • Increase centralization of scheduling process • Reassign the responsibility of room scheduling to site provost or scheduler • Explore options in new/upgraded software to consolidate scheduling & event data into one area |
| <i>Align class schedules & times to meet student demand</i> | In discussions with representatives from each campus, feedback was frequently given that existing schedules and course times were determined for departmental preference | <ul style="list-style-type: none"> • Use existing scheduling data and engage with existing students to determine the most in-demand courses and the best time & location to offer them |
| <i>Embrace the existing campus flexibility</i> | With low room utilization across each site and many larger rooms and smaller classes, use the current opportunity to explore consolidating/rearranging the existing sites to maximize the existing real estate. | <ul style="list-style-type: none"> • Small renovations to existing space can break up larger rooms into more smaller rooms which can help with flexibility when moving departments • Be sure to align future class sizes with the size of classrooms to maximize position utilization • Create a standard “menu” for technology to help understand the needs of teachers and where they best align with campus space |

- SPC can improve classroom utilization, create revenue, and save operating expenses by 1. Divesting of AllState, HEC, Vet Tech, and Bay Pines, and 2. Removing older, underutilized buildings from inventory.

2. ALSO REMOVE or “MOTHBALL” OLDEST/COSTLIEST BUILDINGS (see next slide)

THE CHALLENGE

- With Utilization of 28%, SPC is effectively utilizing 88 of 310 classrooms
- To get to 44% Utilization, SPC would have to remove 112 classrooms

1. DIVEST OF/Repurpose AllState, HEC, VET TECH, BAY PINES

Results:

- # Classrooms reduced by 47, from 310 to 263
- Utilization Increases from **28-33%**
- Opex Savings \$3.56M
- Earn \$ 25.9 from Sale (\$34.6 w/ EpiCenter)

Results:

- # Classrooms reduced by another 70, from 310 to 193
- Utilization **Inc from 28% to 45.6%**
- Opex Savings \$3.56M + \$2.7M = \$6.3M

- By following this process, SPC can:
 - Improve classroom utilization from 28% to 45.6%
 - Create revenue of \$25.9+ M
 - Save approximately \$6.3 M in annual operating costs.

VI. Strategic Recommendations

D. Roadmap for Improvement

- The following table lists SPC buildings that are rated as being in the worst condition. Buildings ranked with #3 require extensive renovation while, #4 indicates that building can be demolished.

| RANK | DESCRIPTION |
|------|---|
| 1 | Bldg in good shape |
| 2 | Bldg has shared space, special use space, etc |
| 3 | Requires extensive renovation |
| 4 | Demolish |

| NAME | BUILDING # | BUILDING NAME | AREA GSF | # Classrooms | # CRs scheduled | LAST INSP DATE | AGE OF BLDG | LAST RENOVATION DATE | RENOVATION COST | OPERATING COST | COST/SQ FT | RANK |
|------|------------|------------------|----------|--------------|-----------------|----------------|-------------|----------------------|-----------------|----------------|------------|------|
| CLW | 33 | SOCIAL SCIENCE | 44,873 | 5 | 1 | 1965-01-01 | 57 | 57 | \$ 15,705,550 | \$ 344,625 | \$ 357.68 | 4 |
| CLW | 37 | STU ACTIVITIES | 11,969 | 0 | 0 | 1965-01-01 | 57 | 57 | 4,189,150 | 91,922 | 357.68 | 4 |
| SPG | 13 | WELLNESS CENTER | 19,808 | 1 | 0 | 1967-01-01 | 55 | 55 | 6,932,800 | 152,125 | 357.68 | 4 |
| TS | 85 | ALPHA | 1,897 | 1 | 0 | 1975-01-01 | 47 | 47 | 663,950 | 14,569 | 357.68 | 4 |
| TS | 86 | BETA | 2,545 | 3 | 1 | 1975-01-01 | 47 | 47 | 890,750 | 19,546 | 357.68 | 4 |
| TS | 87 | GAMMA | 4,155 | 4 | 1 | 1975-01-01 | 47 | 47 | 1,454,250 | 31,910 | 357.68 | 4 |
| TS | 88 | DELTA | 8,538 | 4 | 1 | 2006-06-01 | 47 | 47 | 3,842,100 | 65,572 | 457.68 | 4 |
| TS | 90 | PHYSICAL EDUC | 2,679 | 0 | 0 | 1980-09-01 | 42 | 42 | 937,650 | 20,575 | 357.68 | 4 |
| SPG | 7 | GYMNASIUM | 25,524 | 0 | 0 | 1957-01-01 | 65 | 65 | 7,001,999 | 196,024 | 282.01 | 4 |
| SPG | 121 | PORTABLE 121 | 2,336 | 0 | 0 | 2003-09-01 | 19 | 19 | 292,000 | 17,940 | 132.68 | 3 |
| CLW | 36 | LANG ARTS | 38,698 | 12 | 4 | 2000-01-01 | 57 | 22 | 4,837,250 | 297,201 | 132.68 | 3 |
| SPG | 2 | LANG ARTS | 26,565 | 0 | 0 | 1999-12-01 | 65 | 23 | 9,297,750 | 204,019 | 357.68 | 3 |
| SPG | 4 | HUMANITIES | 15,655 | 5 | 1 | 1995-05-01 | 65 | 27 | 5,479,250 | 120,230 | 357.68 | 3 |
| SPG | 5 | JOHNSTON TECH | 59,362 | 13 | 3 | 1997-07-01 | 62 | 25 | 20,776,700 | 455,900 | 357.68 | 3 |
| SPG | 11 | BENJAMIN ARTS | 58,538 | 20 | 5 | 2001-08-01 | 59 | 21 | 7,317,250 | 449,572 | 132.68 | 3 |
| SPG | 14 | ETHICS INSTITUTE | 13,514 | 0 | 0 | 1995-05-01 | 63 | 27 | 1,689,250 | 103,788 | 132.68 | 3 |
| TS | 83 | NU TECH | 5,253 | 2 | 0 | 1975-01-01 | 47 | 5 | 1,838,550 | 40,343 | 357.68 | 3 |
| TS | 84 | AGORA-STU SVCS | 8,654 | 0 | 0 | 1975-01-01 | 47 | 4 | 3,028,900 | 66,463 | 357.68 | 3 |
| | | | 350,563 | 70 | 17 | | | | 96,175,099 | 2,692,324 | | |

- Of the 18 buildings in the worst condition (ranked as #3 or #4), 11 contain classrooms. And these are only 24.2% utilized.
- Nine buildings are ranked as #4 but these buildings account for only 18 classrooms combined.
- By removing the Language Arts building (12 classrooms) at Clearwater and the Johnston Tech (13 classrooms) and Benjamin Arts (20 classrooms) buildings at St Pete/Gibbs, SPC would remove 45 classrooms from inventory, increasing utilization to 40.3% and saving \$1.25M in annual operating costs.
- 4 classrooms utilized at Clearwater and 8 classrooms utilized at St Pete/Gibbs can be easily absorbed by remaining classroom inventory. C&W recommends that SPC evaluate program requirements and available classroom space.

VI. Strategic Recommendations

D. Roadmap for Improvement



RECOMENDED PLAN:

| Action | Impact on Classroom Utilization | Annual Operating Expense Savings | Monetization |
|---|---------------------------------|----------------------------------|--------------|
| i. Divest of AllState, HEC, Vet Tech, Bay Pines | Inc. to 33% | \$3.56M | \$25.9M+ |
| ii. Remove Language Arts at Clearwater, Johnston Tech and Benjamin Arts from St Pete/Gibbs | Inc. to 40.3% | \$1.25M | NA |
| iii. Implement Classroom Scheduling Best Practices | Inc. to app 44% | NA | NA |
| END STATE | 44% +/- | \$4.8M | \$25.9 M |

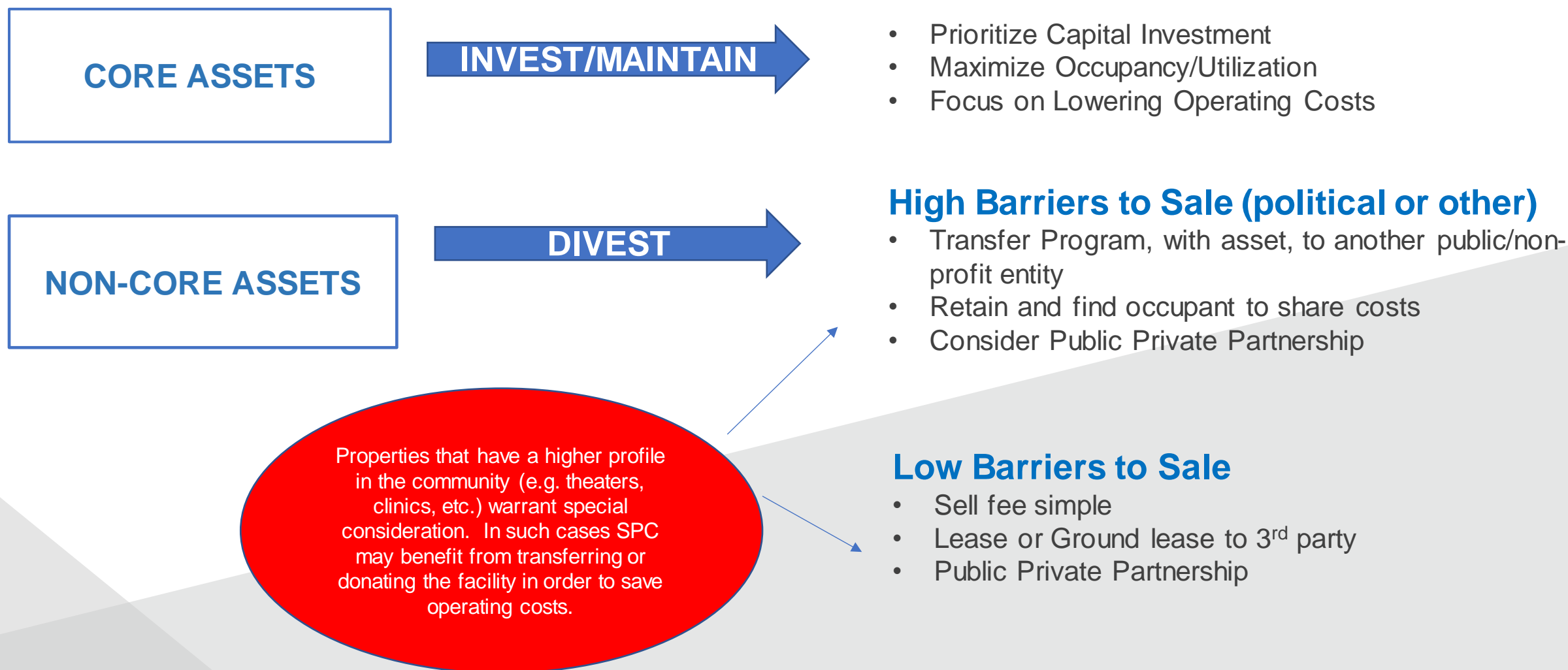
- Future closures of selected #3/#4 ranked buildings can improve classroom utilization to 48% +
- Cost of demolishing a building is approximately \$6.00/SF, total of \$940K
- Cost of “mothballing” approximately \$.50/SF per year, approximately \$80K.



APPENDIX

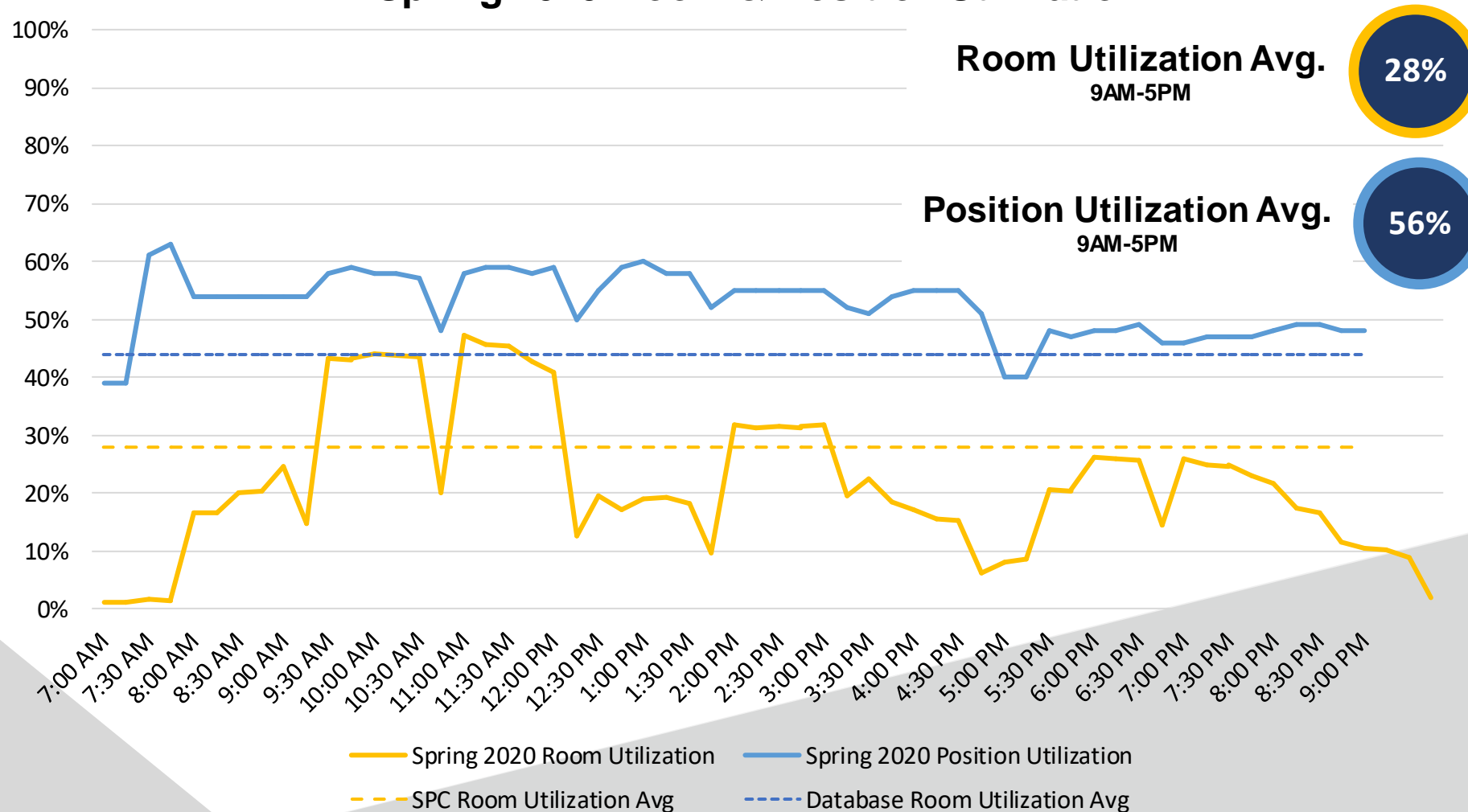
Strategy For Core vs Non – Core Assets:

Defining SPC's real estate footprint will drive the appropriate strategy for core and non-core assets. Core assets which are key to supporting SPC's mission, will be prioritized for asset management. SPC should divest of non-core assets according to both qualitative and quantitative criteria.



SPC Room Utilization falls below database average

Spring 2020 Room & Position Utilization



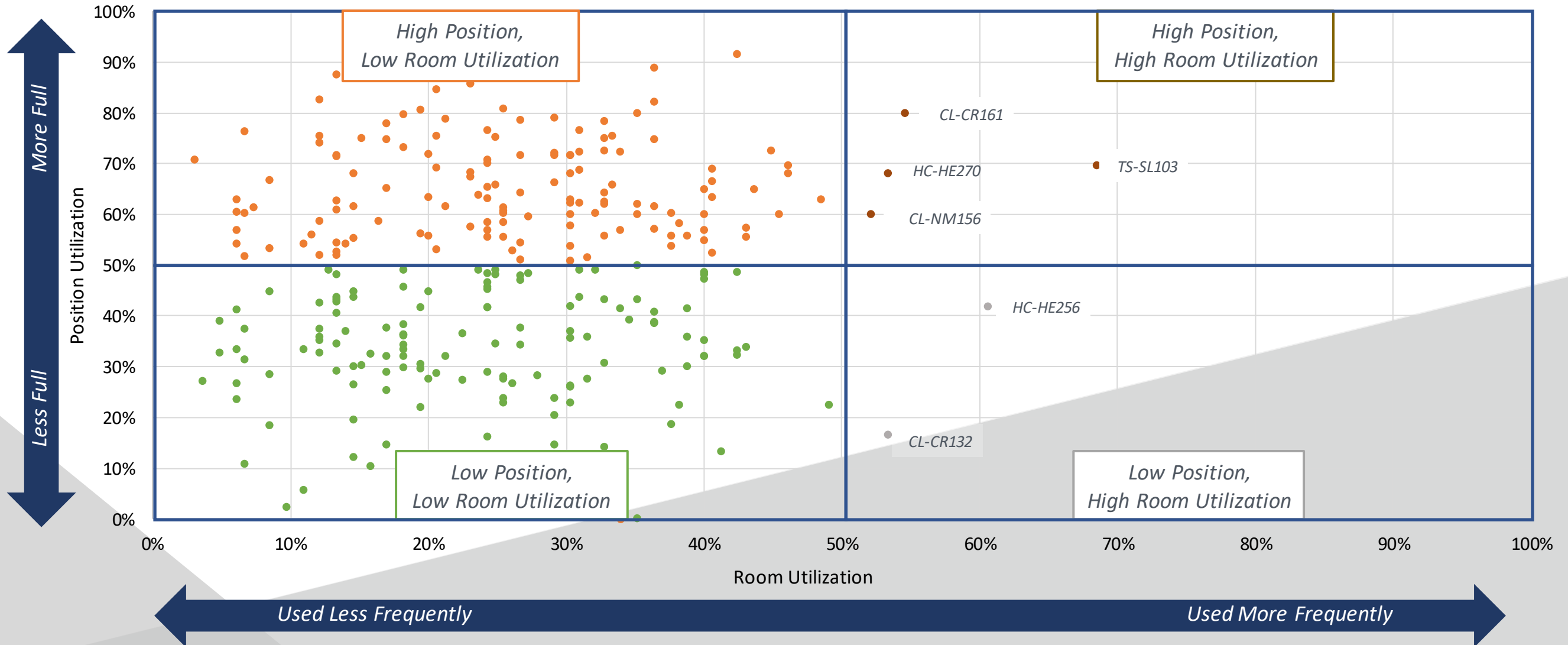
Room Utilization:
What percentage of these rooms are being used at any given time?

Position Utilization:
What percentage of available seats are occupied within each utilized room at any given time?



Results: Position & Room Utilization: By Room (Spring 2020)

Average Position vs Room Utilization



Tier one:

These are sites that were recommended by Real Estate Committee and confirmed through Strategic Master Plan Vision Meeting to dispose. In the preliminary discussions, these properties were identified as ready to move forward with selling pursuant to Board approval.

| Building/Site | Description | Value Estimate | Annual Opex Savings (@\$7.68) | Value to SPC |
|---------------------------------|--|-------------------------|-------------------------------|-------------------------|
| St. Pete Gibbs Wellness Center | 20,732 SF building on 6.31 +/- Acres (275,000 SF) ~610' x 361' | \$3.15 - \$4.4 M | \$159,222 | \$3.3 - \$4.5 M |
| Coliseum Parking Lot | Irregular; 67,201 SF +/- (1.54 Acres); 367' x 200' | \$850,000 - \$1,000,000 | NA | \$.85 - \$1 M |
| Health Education Center (Annex) | 50,138 SF building on 3.66 acres; ~248' x 600' | \$4.5 - \$4.8 M | \$385,060 | \$4.9 - \$5.2 M |
| Total | | \$8.5 - \$10.2 M | \$545,000 | \$9.1 - \$10.7 M |

- Divesting of St. Pete Gibbs, the Coliseum Parking lot, and the HEC Annex would create \$8.5 - \$10.2 M in proceeds and save over \$500K in annual operating expenses.
- SPC's portfolio wide classroom utilization would not improve given that these properties do not have classroom inventory.

Strategic Projects:

These properties that are well utilized but are old (with the exception of Epi), suffer from deferred maintenance, and represent significant real estate value that can be leveraged by SPC are as follows: These properties represent significant opportunity for SPC to access otherwise constrained capital that can be redeployed. The Allstate Center and the HEC are being studied by the C&W team under a separate contract, for Public Private Partnership opportunities or other monetization scenarios.

| Building/Site | Description | Value Estimate | Annual Opex Savings (@\$7.68) | Castaldi Report Renovation Estimate | Value to SPC |
|-------------------------------|---|--|---------------------------------|-------------------------------------|--------------------------------------|
| Allstate Center | 138,748+/-SF, 2 story office/classroom 23,261+/-SF, 1 story bldg 8,716+/-SF, 2 story office | \$17.4 - \$18.3 M | \$1,311,168 | | \$18.7 – \$19.6 M |
| Health Education Center (HEC) | 4 buildings totaling 220,142 SF | \$8.5 - \$10.0 M | \$1,690,690 | \$21.9 M (2018) | \$34.6 - \$38.6 M |
| Epi Center (excluding annex) | 130,199 SF (per Operations Agreement) | \$14.0 - \$16.5 M ¹⁾ (including County share) \$8.7 – \$10.2 M (Net of County Share-38%) | \$669,952 (SPC portion only) | | \$9.4 - \$10.9 (SPC portion only) |
| Total | | \$34.6 - \$38.5 M | \$3.6 M | | \$38.3 - \$42.2 M |

1) Value assumes building is vacated. A sale leaseback or partial sale leaseback would increase value significantly.

2) Pinellas County contributed \$8M (38%) toward original land and construction cost of \$21M.

- Divesting of Allstate Center, the HEC, and Epi Center would create \$34.6 - \$38.6 M in proceeds and save \$3.6 in annual operating expenses.
- SPC's portfolio wide classroom utilization would improve from 28.0% to 33.8% assuming classes currently held in these buildings would be absorbed in other existing SPC facilities.

Small Wins:

Some properties support programs that SPC may deem to be non-core to its mission. These buildings, while in good condition, represent potential cost savings to SPC. Given that these buildings are uniquely designed to support their respective programs and that the programs may have emotional importance to the community, it is unlikely that SPC would divest of these buildings through a fee simple sale. It is more likely that SPC would divest of these buildings, or have operating expenses covered, through an agreement with another entity who would occupy these buildings per current use.

| Building/Site | Description | Value Estimate | Annual Opex Savings (@\$7.68) |
|---------------|-------------|------------------|-------------------------------|
| Bay Pines | 12,569 SF | NA ¹⁾ | \$96,529 |
| Vet Tech | 32,514 SF | NA ¹⁾ | \$249,707 |
| Total | 45,083 SF | | \$346,236 |

1) C&W has not estimated the value for these assets. It is assume that SPC may divest of these assets via a program transfer to another entity (e.g. state or local government).

- Divesting of Bay Pines and Vet Tech would create save \$350K in annual operating expenses.
- SPC's portfolio wide classroom utilization would improve modestly, from 28.0% to 28.6% assuming classes currently held in these buildings would be absorbed in other existing SPC facilities.