Capital Project Process

Facilities Planning & Construction-managed Projects
Capital Projects

- System Policy 51.01 defines Capital Projects as any new construction, additions, or renovation of A&M System facilities with scopes of $4M or more.

- System Policy 51.04.01
  - Delegates authority to the System CFO for projects $10M and over, to be administered by Office of Facilities Planning & Construction (FP&C).
  - Delegates authority to the System Member CEO for administering construction projects with a total project cost of less than $10,000,000.

- System Members include a 5-year plan of capital projects in the Programmatic Budget Reviews presented annually to the Board of Regents (BOR).

- System Treasury Services maintains and updates the System Capital Plan.
Typical Steps for a FP&C-managed Capital Project

- Preparation of Project Information Form and Submittal to Treasury (*System Member*)
- Inclusion on draft Capital Plan with a future year designation (*Treasury*)
- Approval of Five Year Capital Plan (*BOR*)
- Development of Program of Requirements (*System Member*)
- Review and Comment on Program of Requirements upon request (*FP&C*)
- Approval of Program of Requirements (*System Member CEO*)
- Inclusion on draft Capital Plan with a current year designation (*Treasury*)
- Approval of Current Year Capital Plan and Authorization of 10% preconstruction funding (*BOR*)
Typical Steps for a FP&C-managed Capital Project  (continued)

- Pre-construction Funding Appropriation (Treasury)
- Commencement of Project Management (FP&C)
- Recommend Selection of Architect/Engineer and General Contractor (FP&C)
- Review and Approve Architect/Engineer and General Contractor (Chancellor / BOR)
- Design Management of Project (FP&C)
- Obtain Construction Pricing Proposal (FP&C)
- Approval to Initiate Construction (BOR)
- Construction Management of Project (FP&C)
- Turnover/Occupancy (FP&C / System Member)
System Policy 51.01 Section 2.2 requires the following project information be submitted to Treasury Services:

- Project Name and Description
- New Construction – assignable net square feet, E&G net square feet, plus need justification
- Renovation – existing assignable square feet, E&G net square feet
- Impacts on existing infrastructure
- Project planning amount
- Fiscal year start date
- Source of funds
# Project Information Requirements for Capital Planning

**Name of Project**

**Description of Project**

- **New Construction/Addition** ☐
- **Acquisition** ☐
- **Renovation/Rehabilitation Project** ☐

## Project Planning and Funding

- Project Planning amount: __________
- FY in which project design will be initiated: __________
- Source of funds for RFS debt service (if applicable):
  - Revenue Financing System (RFS) Debt __________
  - Permanent University Fund (PUF) Debt __________
  - Cash __________
  - Gift Funds __________
  - Total $ __________

Will any services in the facility be contracted with a third party (dining, bookstore, advertising)? ____ (Y/N)

If yes, provide a copy of contract to Treasury Services and estimated NSF for third party operations. ________ NASF

*Remaining sections to be completed if not submitting a POR*

## Space Requirements

<table>
<thead>
<tr>
<th>Category</th>
<th>NASF</th>
<th>Justification for space need:</th>
</tr>
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<tbody>
<tr>
<td>Offices:</td>
<td></td>
<td></td>
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<tr>
<td>Classrooms:</td>
<td></td>
<td></td>
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<tr>
<td>Labs: Wet (Undergraduate)</td>
<td></td>
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<tr>
<td>Dry</td>
<td></td>
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<tr>
<td>R&amp;D</td>
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<tr>
<td>Other: (describe below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Net Assignable Square Footage:</td>
<td>NASF</td>
<td></td>
</tr>
<tr>
<td>Total E&amp;G Square Footage:</td>
<td>NASF</td>
<td></td>
</tr>
<tr>
<td>Total Gross Square Footage:</td>
<td>GSF</td>
<td></td>
</tr>
</tbody>
</table>

## Infrastructure Impacts and Project Site

- Parking required? ____ (Y/N)
- Number of parking spaces needed ______

  **Description of parking requirements**

- Utility relocation required? ____ (Y/N)

  **Description of utility relocation requirements**

- Utility plant expansion required? ____ (Y/N)

  **Description of utility plant expansion requirements**

- Additional tons of CW/HW needed ______

- Data/Telecom required? ____ (Y/N)

  **Description of data/telecom requirements**

- Other requirements? ____ (Y/N)

  **Description of other requirements**

- Project Site identified? ____ (Y/N)

  *If yes, provide project site information.*
• System Policy 51.01 requires all capital projects be on the Five Year System Capital Plan.

• To be included on the System Capital Plan as a future project campuses must submit the project information requirements to Treasury Services.
Approval of Five Year Capital Plan

- System Members present their proposed Capital Plan project(s) during the annual Programmatic Budget Review.

- The System Capital Plan is presented as an agenda item annually by A&M System leadership to BOR.
System Members are responsible for developing the Program of Requirements (POR). FP&C has a list of pre-approved programming firms that System Members can contract with to complete the POR. System Members can also choose to develop the POR themselves or solicit a programming firm themselves. FP&C can provide templates and/or assistance upon request.
Review and Comment of Program of Requirements

- FP&C is available upon request to review PORs to help determine if the following areas are addressed and can provide suggested revisions back to System Members for consideration.
  - Document includes all information as contained in FP&C template
  - System strategic plan imperatives compliance
  - Project Name and Description
  - Impact on Infrastructure
  - Estimated cost of Deferred Maintenance included for renovations
  - Current Campus Master Plan Compliance Statement
  - Determination of System Furnishings and Equipment
– Net Assignable Square Footage (NASF) and Educational & General (E&G) NASF
– Facility cost and efficiency values per Texas Higher Education Coordinating Board (THECB)
– Impact on Infrastructure considered in cost estimate
– Project schedule takes into account constraints including meeting dates
– Cost, schedule and scope align based on current market conditions
– Facility Maintenance Plan included
– Executed by System Member Chief Executive Officer
Inclusion on draft Capital Plan with a current year designation

- To be included on the System Capital Plan’s current year, it is the responsibility of each System Member to have a Program of Requirements approved by the System Member CEO.
Approval of Capital Plan with a current year designation

• Board approval of the System Capital Plan authorizes the appropriation of up to 10% of the planning amount for the proposed projects on the current fiscal year for preconstruction activities.

• A project with a future year designation can be moved to the current fiscal year with the completion of a POR, identification of funds and approval by both Chair of the Committee of Buildings and Physical Plant and the Chancellor.

• Capital Plan Amendments can be made with BOR approval to add projects or change project planning amounts.
Following approval of a project on the current year System Capital Plan, FP&C initiates a request for Project Funding Appropriation form (C-1)

Request routes through Treasury Services, System Member CFO, System Member CEO and System Deputy Chancellor/CFO
Commencement of Project Management

• FP&C commences with project management when all of the following items are complete:
  – The project is on the Current Year Capital Plan
  – The project has an Executed Program of Requirements
  – The Project Fund Appropriation form (C-1) has been completed
• FP&C selects design team(s) and construction contractor(s) per TGC 2254, TEC 51 and System Policy 51.02.

• Standard A/E selections as well as GC selections on Design/Build (DB) and Construction-Manager-at-Risk (CMAR) contracts require both Chancellor approval and Board of Regents approval (7-day exception period).
  – Best value or emergency selections include a 15-day exception period

• GC selection through a Competitively Sealed Proposal (CSP) only requires Chancellor approval.
Design of Project

• FP&C manages design process to ensure:
  – Compliance with
    • Executed Program of Requirements
    • Applicable building codes and System design guidelines
    • Campus design standards
    • THECB recommendations for cost and efficiency
  – Consideration made for construction costs
    • Life cycle cost analysis to provide systems with best value
    • Design specifications allow for competitive pricing
  – Spaces provide initial functionality and future flexibility
  – User needs and input address throughout design phases
On projects using the Construction-Manager-at-Risk (CMAR) or Design-Build (DB) delivery methods, FP&C obtains a Guaranteed Maximum Price (GMP) proposal from the construction manager, usually based on 100% design development documents.

On projects using Competitively Sealed Proposal (CSP) delivery method, FP&C solicits proposals from general contractors with a complete set of construction documents.

Both methods receive pricing prior to BOR construction approval.
Approval to Initiate Construction

- Board of Regents approval is required prior to the start of construction.
- FP&C presents project specific site plans, design renderings, schedule and pricing when seeking construction approval.
- Draft THECB submission compares project to current cost and efficiency parameters.
Project Construction

• FP&C oversees all aspects of construction, including:
  – Budget and Schedule
  – Procurement of subcontracts
  – Change orders and contingency authorizations
  – Inspections for quality and acceptance
  – Coordination with System Member operations
  – Below-the-line items
    • Testing, furnishings, equipment, etc.
Capital Project Turnover / Occupancy

- Training
- Manuals
- Maintenance schedule
- Warranty
- THECB final requirements
- etc…