Capital Project Process

System Member-managed 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 System Member-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 System Member-managed Capital Project (continued)

- Pre-construction Funding Appropriation (Treasury)
- Commencement of Project Management (System Member)
- Recommend Selection of Architect/Engineer and General Contractor (System Member)
- Review and Approve Architect/Engineer and General Contractor (Chancellor / BOR)
- Design Management of Project (System Member)
- Obtain Construction Pricing Proposal (System Member)
- Approval to Initiate Construction (BOR)
- Construction Management of Project (System Member)
- Turnover/Occupancy (System Member)
Preparation of Project Information and Submittal to Treasury

- 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>FY in which project design will be initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Financing System (RFS) Debt</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Permanent University Fund (PUF) Debt</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Cash</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gift Funds</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>☐</td>
</tr>
</tbody>
</table>

Source of funds for RFS debt service (if applicable): 

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

*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>
</thead>
<tbody>
<tr>
<td>Offices:</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Classrooms:</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Labs: Wet (Undergraduate)</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Dry</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other: (describe below)</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Total NetAssignable Square Footage: NASF
Total E&G Square Footage: GSF
Total Gross Square Footage: ☐

Infrastructure Impacts and Project Site

<table>
<thead>
<tr>
<th>Requirement</th>
<th>NASF</th>
<th>Description of requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking required?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Number of parking spaces</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Utility relocation required?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Utility plant expansion</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Additional tons of CW/HW</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Data/Telecom required?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other requirements?</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

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.
Development of Program of Requirements

- 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
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, System Member 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

• System Member 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
System Member 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

- System Member 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, System Member 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, System Member 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.

• System Member 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.
• System Member 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…