

Capital Project Process

System Member-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 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

System Member

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: _____

Revenue Financing System (RFS) Debt _____ Source of funds for RFS debt service (if applicable): _____

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

Offices: _____ NASF
Classrooms: _____ NASF
Labs: Wet (Undergraduate) _____ NASF
Dry _____ NASF
R&D _____ NASF
Other: (describe below) _____ NASF

Total Net Assignable Square Footage: _____ NASF

Total E&G Square Footage: _____ NASF

Total Gross Square Footage: _____ GSF

Justification for space need:

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)

Additional tons of CW/HW needed

Description of utility plant expansion requirements

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.

Inclusion on draft Capital Plan with a Future Year designation

- 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



Review and Comment of Program of Requirements *(continued)*

- 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.



Pre-construction Funding Appropriation

- 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



Recommend Selection of Project Design team(s) and Construction Contractor(s)

- 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



Obtain Construction Pricing Proposal

- 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.



Project Construction

- 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...

