

Property & Facilities

9.01 Capital Plans, Requests and Reports

- A. Duties and Responsibilities of the Board of Regents include:
 - 1. Review of long-range campus development plans.
 - 2. Approval of Five-Year Building Programs and capital appropriation request(s).
 - 3. Approval of annual capital plan.
 - 4. Approval of financing for capital projects.
 - 5. Review of capital issues.
 - 6. Receipt and/or approval of annual governance reports.

- B. Long-Range Campus Development Plans
 - 1. Each university shall present an updated campus master plan, including land use plan, to the Board at least once every four years or when the university proposes changes in land use, or at the request of the Board. The plan should indicate past, present, and anticipated development and note any significant changes from plans previously presented to the Board.
 - 2. The Campus Development Plan should include a description of all underutilized or unused space and the proposed modifications and future use of the space. Leased space on or in close proximity to the campus should be listed.
 - 3. The Campus Development Plan should relate directly to the university's strategic plan.

- C. Five-Year Building Programs (Plans)
 - 1. Five-Year State-Funded Building Program
 - a. The Board of Regents may submit annually to the General Assembly its Five-Year Building Program for state funds for each of the institutions under its jurisdiction.
 - b. The building program may be revised annually.
 - c. The Board Office shall coordinate the work of the institutions in preparing a Five-Year Building Program, including the format and date of submission.
 - 2. All-Funds Five-Year Building Program
 - a. An All-Funds Five-Year Building Program shall be presented to the Board annually and shall include major building needs anticipated to

be funded by all sources. A separate Five-Year Building Program shall be submitted for the University of Iowa Hospitals and Clinics.

- b. Any project with a budget expected to be in excess of \$1 million should be shown separately. Projects of lower cost can be aggregated by category (e.g., roof repairs, interior remodeling, fire safety, energy management). For the first year of the Five-Year Building Program projects of \$250,000 or greater should be listed separately.

D. Capital Appropriation Requests

1. If the Board approves a Five-Year Building Program for state funds, the first two years will represent the Board's biennial capital request and the first year of the Program will represent the Board's annual request.
2. If the Board does not approve a Five-Year Building Program for state funds, the Board shall act separately on either a biennial or annual capital request. Capital request criteria are outlined in Chapter 7 of this Manual (Section 7.03A2b).
3. The institutions shall submit recommendations of capital funding needs for consideration by the Board on forms provided by the Board Office. The planning completed for the projects recommended should be sufficient to provide the Board with necessary information on the scope and cost of the project. All projects subsequently funded will be subject to the capital improvement procedures as outlined in this Chapter.

E. Annual Capital Plan

The institutions shall submit annually for Board approval spending plans for the upcoming fiscal year by project category in a format and on forms provided by the Board Office.

F. Financing of Capital Projects

The Board of Regents has been granted statutory authority to finance capital projects in several ways. Specific authorizations in Iowa Code include Academic Building Revenue Bonds (Chapter 262A), Dormitories and other Self-Liquidating Facilities (Chapter 262), and Hospital Revenue Bonds (Chapter 263A).

G. Capital Issues

1. Fire and Environmental Safety

- a. Each year the institutions shall submit reports to the Board Office indicating the results of the latest State Fire Marshal's inspection, the results of the latest Department of Labor or other environmental safety inspections, and programs completed or underway to correct deficiencies. The report shall indicate the financial needs to correct outstanding deficiencies. Financial needs are to be integrated into the annual capital request and the Five-Year Capital Plans.
- b. All institutions are required to notify immediately the executive director if any facilities within their jurisdiction have been cited for violations of any federal, state, or local laws or regulations or have been decertified or notified of the threat of decertification from compliance with any state, federal, or other nationally recognized certification or accreditation agency or organization.

2. Deferred Maintenance and Improvements

Deferred maintenance and improvement needs shall be considered in the institutional Five-Year Capital Program and capital appropriation requests.

3. Energy Conservation

- a. The institutions shall develop energy conservation plans. Those plans should include the following components:
 - i. Historical information on the pattern of energy consumption and the cost of energy consumed per square foot of building space.
 - ii. Projections of energy consumption and unit prices.
 - iii. Methodology used to identify energy conservation project candidates and develop methods to determine which projects are economically feasible.
 - iv. Identification of specific energy conservation projects and the rate of return or payback period of those projects.
 - v. Possible means of financing the projects identified.
- b. Consultant architects and engineers should be required to emphasize energy conservation and life cycle cost in all new construction and remodeling undertaken.

- c. The institutions should review with the Board Office the means of financing energy conservation projects which have been identified.
4. Strategies and Policies for Optimal Utilization of Existing Campus Facilities
 - a. Institutions should be as thorough and innovative as possible in their allocation and reallocation of space within their existing physical plants.
 - b. Each university should adopt general principles, consistent with the Board's and each university's strategic plan, regarding space assignment and scheduling of classes and should so inform the campus community. Each university should also ensure that its policies and procedures regarding space are consistent with these principles.
 - c. The universities should use their appropriate campus committees to stimulate discussions on improving the utilization of campus space and facilities, and to provide recommendations to the university administration.
 - d. Space planning should continue to be an institutional responsibility and be part of comprehensive long range campus planning, which includes an analysis of the quality, quantity and location of the space.
 - e. Requests for new space should continue to be documented and justified on a functional need basis with a demonstration that the identified program need cannot be met more economically through more efficient use of existing space or renovation, consistent with the Board's previous adoption of the capital project evaluation criteria.
 - f. Each university should review its existing utilization data when planning for new or renovated space; to the greatest extent possible, objective measures should be used to determine space needs. These objective measures could include benchmarking data or objective models, supplemented by further analyses and specialized studies.
 - g. Each university should consider development of policies regarding office space for part-time employees, including adjunct faculty, graduate students and emeritus faculty.
 - h. Each university should keep and utilize for each new construction or renovation project guidelines for the size of offices.
 - i. Each institution should submit with its request to lease space in the general vicinity of the main campus, an explanation of the spaces on campus examined and found unsuitable.
 - j. Classrooms, class laboratories and other facilities should be designed and scheduled for optimal utilization given program needs and student expectations.

- k. The universities should strive to design efficient facilities, providing for as much usable (net) square footage as reasonably possible within the gross square footage and program goals of the building.
- l. For those facilities thought to be obsolete, the institutions should assess their buildings' physical condition, contribution to the university's heritage, adaptability to being efficiently renovated and reused, and viability of reuse versus replacement; based upon this assessment, each university should determine whether it is prudent to retain each of its obsolete structures.

H. Governance Reports

1. Institutional Roads Program

The Board will annually approve a Five-Year Institutional Roads Program in accordance with requirements of the Iowa Department of Transportation. The program is to be developed in cooperation with the Iowa Department of Transportation, the Board Office, and institutional representatives.

Projects financed through this program shall adhere to the capital project policies and procedures outlined in Section 9.18 of this Chapter.

2. Facilities Report

Each year the institutions shall prepare a facilities report in a format provided by the Board Office.

I. Facility Stewardship

- 1. Naming Policy (Chapter 1, section 1.11) incorporates contributions for programs, annual operating or future capital renewal costs in addition to the costs of construction and renovation for named facilities.
- 2. Institutional capital campaigns for private contributions are to include donor options for supporting annual operating costs and future capital renewal, as well as program initiatives that, when funded with private support, enable the university more readily to meet its educational mission by protecting the general fund and the core costs of facility stewardship, including operating costs and capital renewal.
- 3. Annual operating costs of all major additions and new buildings
 - a. Definitions and cost benchmarks established.
 - b. Preliminary cost and source of funds identified with the Permission to Proceed with Project Planning stage of Board consideration.
 - c. Revenue sources for annual operating cost support linked directly to uses of the facility and identified in the Board's budgeting process.

4. Future capital renewal amount determined for each new major addition or building project for which the project budget has not yet been approved by the Board.
 - a. Annual investment to be approximately 1.5% of replacement value to meet future capital renewal needs.
 - b. Amount and intended sources of future capital renewal funding to be included in submittals when the project budget is presented for Board action. For example:
 - i.) For a bonded enterprise, future funding for renewal could be obtained through either incremental increases in the “improvement funds” for the enterprise or through planned additional debt capital to be issued as the need arises.
 - ii.) For General Fund supported facilities, increments to the overall General Education Fund “building renewal (repair)” budget may be necessary to reflect the additional square footage (net of any facilities being taken off line or razed) within this category.
 - iii.) For historic or iconic facilities, private resources may be a source of future capital renewal, either through a current or a future capital campaign.

9.02 Property

- A. Duties and Responsibilities of the Board of Regents include:
 1. Approval of the purchase and sale of property.
 2. Approval of the disposal, transfer and sale of buildings.
 3. Approval of leases and easements
- B. Control, acquisition, and disposition. The Board is responsible for management and control of real and personal property of the institutions under its control pursuant to Iowa Code §262.9[4].
 1. All acts relating to the management, purchase, disposition, or use of lands and other property of the institutions are to be approved via roll call vote pursuant to Iowa Code §262.11
- C. Purchases and Sales
 1. The Board shall acquire real estate for the use of the Regent institutions, and dispose of real estate belonging to the institutions when not necessary for their purposes as delineated in Iowa Code §262.9[7] and Iowa Code §262.10

- a. Acquisition includes the procurement of real property by gift, grant, purchase or any other method.
 - b. Disposal includes the transfer of real property to another entity by gift, grant or sale or by any other method.
2. The Board's policy is to convey real estate for monetary consideration based on appraisal; in all cases in which monetary consideration is waived by the Board, the alternative consideration shall be approved by the Board and detailed in Board minutes.
3. The Board policy is that property purchased shall be purchased at no more than the high appraisal or not more than 5 percent over the average of two appraisals, whichever is the lower figure. This policy is not intended to limit negotiation for a price lower than the appraised value.
4. All requests for Board approval of the purchase or sale of property shall be accompanied by a map showing the location of the property to be purchased/sold.
5. It is the policy of the Board and the institutions to provide for the orderly use and development of land and related natural resources in Iowa for residential, commercial, industrial, and recreational purposes; to preserve private property rights, to protect natural and historic resources and fragile ecosystems of this state, including forests, wetlands, rivers, streams, lakes, and their shorelines, aquifers, prairies and recreational areas; promote the efficient use and conservation of energy resources, promote the creation and maintenance of wildlife habitat; to consider the protection of soil from wind and water erosion; and to preserve the availability and use of agricultural land for agricultural production.

When an institution, as part of actions undertaken under this section, determines that those actions are inconsistent with the land use policy outlined above, the institution shall notify the Board with an explanation of those adverse impacts and an explanation as to why alternatives without such adverse impacts are not feasible.

D. Disposal, Transfer, and Sale of Buildings

1. Disposal, transfer, or sale of buildings with an estimated fair market value of \$10,000 or more will be placed on the agenda by the institution for Board action.
2. The chief business officer of each institution is authorized to dispose of obsolete or worn out buildings with an estimated value of less than \$10,000, under the conditions established in this Policy Manual.

E. Leases

1. State law provides the Board with authority to lease properties and facilities, either as lessor or lessee, for the proper use and benefit of the institutions as detailed in Iowa Code §262.9[14]. The Board may, at its discretion, delegate authority to the universities to approve leases. All leases requiring Board approval must be approved by roll call vote in accordance with Iowa Code §262.11.
2. Authority for approval of leases for the special schools is delegated to Iowa State University, following the parameters outlined below. (Iowa State University is currently responsible for the overall administration of capital projects at the special schools – Regent Policy Manual §9.11.)
3. Approval of tenant property rental rates is delegated to the universities.
4. Lease approval delegations to the universities include:
 - a. Those with the Board as both lessee and lessor as further outlined in this section, including individual subleases within the SUI – Technology Innovation Center and ISU – Iowa State Innovation System, and farm leases;
 - b. Those for less than 10,000 gross square feet, and with less than \$100,000 in annual rental costs, and for five years or less duration, including renewal periods within the lease. (Leases for more than 10,000 gross square feet, or more than \$100,000 in annual rental costs, or for greater than five years duration would require Board approval. The Board Office may annually increase the \$100,000 annual rental threshold by the Consumer Price Index – All Urban Consumers.);
 - c. Lease addenda increasing the amount of leased space, as long as the lease and addenda (in total) fall within the parameters of (b);
 - d. Lease addenda decreasing the amount of leased space; and
 - e. Lease renewals where there are no substantial changes in terms from the original lease or previous renewal, and the lease percentage rate increase (from the original lease or previous renewal) does not exceed the Consumer Price Index – All Urban Consumers.
5. Each university will report annually on the new leases and lease renewals into which it has entered during the last fiscal year (excluding renewal periods provided for in the original lease), as well as the approved tenant property rental rates. The reporting format will be developed by the Board Office, in conjunction with the universities.

6. Universities will identify one institutional office with authority to approve leases and inform the university community and Board Office of that identification.
7. Lease arrangements to be approved by the Board or the universities will use the standard Regent form developed by the Board Office unless exceptions are granted. Deviations from this form for university approved leases will require the approval of the university's general counsel office; exceptions for leases requiring Board approval will be made by the Board Office.
8. A university or special school may opt, at its discretion, to submit a request for approval of a specific lease to the Board even if it were to fall within the parameters of delegated leases.
9. All leases which include an option to purchase, a right of first refusal to purchase, or other right or option to purchase the improvements or the land on which the improvements are located, require Board approval.
10. Land leases, excluding farm leases which would be delegated as per 4a above, require Board approval.
11. For purposes of implementing Iowa Code §262.9[14], a lease is defined as the right to the sole use and occupation of property in exchange for consideration, usually rent.
12. The institution will prepare an exhibit for all lease agreements being presented for Board approval. The exhibit will include the information requested by the Board Office.
13. The institutions will notify the Board Office when a lease agreement has been terminated prior to the end of the lease term, or when a lease agreement has expired (i.e., when either a renewal option or monthly extension is not exercised).
14. When the Board is the landlord in a farm lease, the lease shall terminate on March 1 of a calendar year. Notification of termination shall be in accordance with Iowa Code §562.6 and §562.7.

F. Easements

1. The Board is authorized to grant easements pursuant to Iowa Code §262.9[7].
2. The institution will prepare an exhibit for all easements being presented for Board approval. The exhibit will include the information requested by the Board Office.

G Payments in Lieu of Taxes

Payments in lieu of taxes (PILOTs) are defined as payments negotiated voluntarily by officials of a tax-exempt entity and officials of the community where it is located as a substitute for property taxes. They do not include payments made under service agreements specifically provided by Iowa Code.

Prior to beginning any negotiations with a political subdivision on a PILOT, the institution shall notify the Executive Director of its intent to negotiate such an agreement.

Agreements resulting in payments in lieu of taxes (PILOTs) between institutions under the control of the Board of Regents and a political subdivision shall be approved by the Board. The request for approval shall include a detailed explanation of the need for the PILOT, the manner in which it was calculated, and concurrence from the applicable public entity assessor(s) as to the assessment calculation for establishing the amount of the PILOT. The negotiated PILOT shall include a sunset / termination date and shall ensure, to the extent permitted by law, that the PILOT is dispersed to the applicable taxing entities (county, city, school district, etc.).

9.03 Procedures for Capital Improvement Projects

A. Definition of a Capital Project

1. A capital improvement project is one which provides for the construction, repair, or improvement of buildings (including fixed equipment within buildings) or grounds under jurisdiction of the Board of Regents.
2. A major capital improvement project is defined as any new building construction project with an estimated project budget of \$1 million or more or any building renovation project with an estimated project budget of \$2 million or more.

B. Duties and Responsibilities

1. Duties of the Board of Regents

Whenever a capital improvement project is proposed or undertaken at any institution under the control of the Board of Regents, the Board may, as provided for in this Chapter:

- a. Grant permission to proceed with project planning.
- b. Approve a program statement.
- c. Approve the schematic design and design development drawings.
- d. Approve a project description and budget and revised project budget.

- e. Approve the selection of a design consultant or a construction manager and the agreement with the consultant or manager and participate in the architectural selection process.
- f. Approve amendments to a design consultant or construction manager agreement.
- g. Approve rejection of bids and contract awards.
- h. Approve change orders to construction contracts.
- i. Delegate responsibility to the executive director or the institution as provided for in this Chapter.

2. Duties of the Executive Director

Whenever a capital improvement project is undertaken at any institution under the control of the Board, the executive director is authorized and directed to carry out provisions of this Chapter, including:

- a. Negotiate financing arrangements other than appropriations as directed by the Board of Regents and report to the Board.
- b. Receive certification from the institution's chief business officer that the nature and scope of a project is substantially the same as approved by the Board.
- c. Approve program statements; design consultant selection, negotiated agreements and amendments; project descriptions and budgets, and revised budgets; and construction contract change orders as provided for in this Chapter.
- d. Award construction contracts as provided for in this Chapter.
- e. When it is determined to be in the best interest of the Regent enterprise, reject all bids and/or recommend alternative procedures.
- f. Advise the Board on capital procedure actions recommended by the institutions.
- g. Refer capital procedure actions requested of the Board Office to the Board at the discretion of the Board Office.
- h. Act on behalf of the Board on capital procedure actions subject to ratification of actions taken by the Board when failure to take immediate action would have an adverse impact on institutional programs, cause an unnecessary delay in the project, result in increased cost, or when it is otherwise in the public interest. The Board shall be informed of such executive director actions at the next Board meeting.
- i. Advise the Board regarding institutional plans for fundraising for capital projects.
- j. Provide reports to the Board as may be needed.

3. Duties of the Institutions

The institutions under the control of the Board of Regents are authorized to carry out on behalf of the Board duties as provided for in this Chapter including:

- a. Survey needs, recommend capital projects and capital procedure actions to the Board.
 - b. Furnish members of its staff to act as architect, engineer, or associate architect or engineer, when it is in the institution's best interest to utilize its staff, rather than consultant(s), to provide these services.
 - c. Act as project manager.
 - d. Certify to the executive director that the final plans and specifications have been completed in conformance with the nature and scope of the project approved by the Board.
 - e. Make all reports and secure approvals as required by other governmental agencies.
 - f. With the approval of the chief business officer of the institution and consistent with policies outlined elsewhere in this Chapter, conduct projects, including approval of project descriptions and budgets, revised budgets, design consultant agreements and amendments, contract awards or rejection of bids, and change orders.
 - g. Notify the executive director whenever it is determined that a contractor or consultant is not performing satisfactorily, and when consideration is being given to removing the contractor or consultant.
 - h. Submit to the Board Office a semi-annual report for all ongoing capital projects over \$250,000 as of June 30 and December 31 of each year, within 45 days of the end of each semi-annual period. The content and format of the semiannual report will be provided by the Board Office.
 - i. Notify the executive director prior to solicitation of private and/or federal funds for major capital projects by an affiliated organization or the institution.
4. The Board Office and institutions shall meet regularly to: a) discuss issues related to capital projects; b) ensure coordination of capital project policies and procedures; and c) provide, upon the Board's request, advice on capital project policies and procedures, and reports on activities.

C. Capital Project Evaluation Criteria

The institutions shall submit information to address the Board's capital project evaluation criteria for major capital projects as defined in this Chapter when Permission to Proceed with Project Planning is requested and when approval of the schematic design and project description and budget are requested. The criteria are outlined below:

1. How does this project help fulfill the institution's mission and strategic plan in the following areas:
 - Faculty needs in areas strategic to the university?
 - Program accreditation?
 - Student demand?
 - Other strategic plan-related criteria?
 - Environmental health and safety?
2. What other alternatives were explored to meet the needs identified in number 1 above, why were they rejected and why is the proposed project the best way to meet the identified need?
3. When this project is completed, what facilities and total square footage will be abandoned, transferred or demolished and how does this compare to the new or renovated square footage?
4. What financial resources are available to build/remodel/renovate the proposed capital project including:
 - Source(s) of funding?
 - Availability of funds as it relates to cash flow requirements?
 - Income stream to provide debt service on bonds, if they are to be issued?
 - Calculation of financial return on investment, when applicable?
5. What resources are available to operate and maintain (O&M) the proposed capital project without compromising current programs and operations:
 - Preliminary costs and sources of O&M funds, e.g., general fund, self-supporting, endowment, etc.?
 - Effect on existing programs/operations if O&M support comes from general fund?
6. Identification of any compelling external forces that justify approval of this capital project:
 - Federal and/or state mandate?
 - Compliance with health/safety/welfare laws?
 - Federal/foundation grant or other external funding opportunities?
 - State policy direction consistent with institutional mission?
7. Amount and intended sources of future capital renewal funding to be included when the project budget is submitted for approval.

9.04 Register of Capital Improvement Business Transactions

- A. Each institutional submission shall carry a single agenda item for its Capital Improvement Business Transactions, as defined in this section.
- B. Capital actions, for which approval of the Board is requested at its next meeting, shall be by means of the "Register of Capital Improvement Business Transactions" (hereafter referred to as the "Register"), with subheadings as follows: (A) Permission to Proceed with Project Planning; (B) Program Statements and Design Documents; (C) Project Descriptions and Budgets; (D) Consultant Agreements and Amendments; and (E) Construction Contracts and Change Orders to Construction Contracts. Processes related to the subheadings are included in separate sections of this chapter.
- C. The chief business officer of each institution shall certify the Register and send it to the Board Office with agenda materials, where it shall be filed with the executive director, who shall in turn advise the Board as to its acceptability.

9.05 Permission to Proceed with Project Planning

Institutions shall seek the approval of the Board prior to initiating formal planning for any project estimated to cost \$2,000,000 or more. Permission shall be requested in an exhibit in the Register of Capital Improvement Business Transactions. The exhibit shall include a description of the need or identification of the program to be accommodated by the project; a narrative description of the project, if known; and of alternatives, if any, to the proposed course of action. The estimated cost of the project expressed as a range and the probable source of funds shall be provided. (Cost estimates provided at this time are tentative and are subject to later revision. Permission may be sought at this time to seek architectural or engineering assistance or the services of a construction manager if that is the intention of the institution.) The institution must submit, at this time, information to respond to the Board's evaluation criteria for new building and renovation projects.

9.06 Program Statements and Design Documents

- A. Program Statement

The program statement describes the facility which is to be constructed in terms of purpose and scope. It may be prepared prior to hiring a design consultant or with the assistance of the consultant. Once prepared and approved, the program statement provides a basis for agreement between the project user, the institution, and the design consultant. Program statements shall be submitted for Board Office approval for new building projects with an estimated project cost of \$1,000,000 or more and for major addition and remodeling projects with an estimated project cost of \$2,000,000 or more. The program statements may be forwarded for Board action at the discretion of the Board Office. The Board Office shall be provided with the program statement prior to the institution initiating the project design. The program statement may include a review

of the design concepts and projected measures of efficiency, including net to gross square feet, construction cost per square foot and projected utility and maintenance costs.

B. Design Documents

This phase of planning begins with approval of program statement and terminates with completion of bid documents. This phase includes schematic design, design development and construction documents.

Approval of design documents shall follow approval of the program statement.

1. Schematic designs shall be submitted for Board approval for new building projects with an estimated project cost of \$1,000,000 or more and for major addition and remodeling projects with an estimated project cost of \$2,000,000 or more. The schematic designs shall reflect the program statement approved by the Board Office or the Board. The institutional exhibit shall include information on the net to gross square footage ratio (including a comparison to the building program, estimated construction cost per square foot, exterior materials and relationship of exterior design and materials to the campus context (for new construction), restroom fixture counts, operating and maintenance costs, project schedule, and any additional information requested by the Board or Board Office. At the time the schematic design is approved by the Board, the Board may require that further design development drawings be presented.
2. Institutional requests for Board approval of a "project description and budget" (including funding sources) are to be presented no later than the time at which the "schematic design" is presented.
3. Board approvals of both the "schematic design" and "project description and budget" (including funding sources) will constitute Regents final project approval and authorization to proceed with construction.
4. Material changes in program, design or cost subsequent to the Board's final approval must be returned to the Board for further approval.
5. Final information to address the Board's evaluation criteria must be submitted when approval of the schematic design is requested.

9.07 Project Descriptions and Budgets

A. Definitions

The project description and budget shall include a brief history of the project, the justification or need for the project, the purpose to be served, a description of the project scope, the approximate net and/or gross square

feet, a preliminary budget, and any additional information requested by the Board Office or the Board.

1. The preliminary budget shall contain lines for major expenditure items and identify source(s) of fund(s).
2. A revised project budget increases or decreases the total budget from the amount approved in the preliminary budget.
3. An amended project budget changes the line items and/or source(s) of fund(s) from those approved in the preliminary budget; the total project budget does not change.

B. Projects with Budgets of Less than \$250,000

A Project Description and Budget shall be prepared for all capital projects with a project budget of \$100,000 or more. Institutional approval of the Project Description and Budget shall constitute approval of projects estimated to cost less than \$250,000. However, the renovation, modification or improvement to the official state-owned residence of an institutional head requires approval of the executive director of the Board should the project budget exceed \$100,000.

Approved projects with budgets between \$100,000 and \$249,999 shall be reported semi-annually to the Board Office.

C. Projects with Budgets of \$250,000 to \$999,999

Project descriptions and budgets between \$250,000 and \$999,999 shall be submitted to the Board Office for review and approval.

D. Projects with Budgets of \$1,000,000 to \$1,999,999

Project descriptions and budgets for new buildings between \$1,000,000 and \$1,999,999 shall be submitted for Board review and approval as an entry on the Register with exhibit. All other project descriptions and budgets between \$1,000,000 and \$1,999,999 shall be submitted for Board Office review and approval.

Institutional requests for Board approval of a "project description and budget" (including funding sources) are to be presented no later than the time at which the "schematic design" is presented.

E. Projects with Budgets of \$2,000,000 or More

All project descriptions and budgets of \$2,000,000 or more shall be submitted for Board review and approval as an entry on the Register with exhibit.

Institutional requests for Board approval of a “project description and budget” (including funding sources) are to be presented no later than the time at which the “schematic design” is presented.

F. General

Commitments on projects shall not be made until approval is given by the Board Office or the Board.

If the project will employ alternative delivery methods other than the normal design-bid-build process, the project description and budget shall include a review of the advantages and disadvantages (risk) of this delivery method.

G. .Revised / Amended Project Budgets

1. Revised Project Budgets between \$250,000 and \$999,999

A project with an increased budget which results in a revised budget totaling between \$250,000 and \$999,999 shall be approved by the institution. Information on all revised budgets approved by the institution shall be provided in a semi-annual report to the Board Office.

2. Revised Project Budgets between \$1,000,000 and \$1,999,999

A project with an increased budget which results in a revised budget totaling between \$1,000,000 and \$1,999,999 shall be approved by the Board Office, but may be referred for Board action at the discretion of the Board Office.

3. Revised Project Budgets greater than \$2,000,000

A project with an increased budget which results in a revised budget totaling \$2,000,000 or more shall be approved by the Board.

4. Revised, Decreased Project Budgets and Amended Project Budgets

A revised, decreased budget, or an amended budget (as defined in 9.06 A.), need not be submitted to the Board Office or the Board for approval.

9.08 Consultant Agreements and Amendments

A. Definition

Consultant agreements include but are not limited to agreements for architectural, engineering, other design professional, and construction management services. The provisions of this section would not normally apply to surveying or testing services.

B. Agreements

1. The chief business officer may select and contract for architectural or engineering or other design professional services for projects with an estimated project budget of less than \$250,000.
2. Whenever the estimated project budget for a construction project is between \$250,000 and \$999,999, the consultant selection and agreement shall be approved by the institution. Information on all consultant agreements approved by the institution for projects between \$250,000 and \$999,999 shall be provided in a semi-annual report to the Board Office.

Whenever the estimated project budget for a construction project is more than \$1,000,000, the consultant selection and agreement shall be approved by the Board Office, but the selection and/or agreement may be referred for Board action at the discretion of the Board Office.

C. Amendments

1. For projects with budgets less than \$250,000, amendments to an architectural, engineering or construction management contract shall be approved by the institution's chief business officer.

2. For projects with budgets between \$250,000 and \$999,999, amendments shall be approved by the institution. Information on all amendments approved by the institution for projects between \$250,000 and \$999,999 shall be provided in a semi-annual report to the Board Office.
3. For projects with budgets of \$1,000,000 or more, amendments shall be approved by the institution unless a single amendment exceeds \$50,000 and/or the sum of the cumulative amendments exceeds 20 percent of the original agreement. If the amount of the amendment(s) exceeds this threshold, the amendment(s) shall be approved by the Board Office, but may be referred for Board action at the discretion of the Board Office. Information on all approved amendments for projects of \$1,000,000 or more shall be reported to the Board as needed.

9.09 Construction Contracts and Change Orders

A. Construction Contracts

For projects with approved budgets of less than \$250,000, the construction contract shall be awarded by the institution.

For projects with approved budgets between \$250,000 and \$999,999, the construction contract shall be awarded by the institution unless there are unusual circumstances, in which case the award would be referred to the Board Office for action. (When the contract is awarded by the institution, a copy of the bid tab and Notice of Award shall be provided to the Board Office.)

For projects with approved budgets of \$1,000,000 or more, the construction contract shall be awarded by the Board Office, but may be referred for Board action at the discretion of the Board Office, or if necessary due to unusual circumstances.

If the chief business officer determines that any unusual circumstances exist which require special attention of the Board, the university shall present the proposed contract award for action by the Board at its next meeting. The capital register exhibit shall detail the unusual circumstances, for consideration by the Board.

B. Construction Contract Change Orders

For projects with budgets of less than \$250,000, change orders shall be approved by the institution.

For projects with budgets between \$250,000 and \$999,999, change orders shall be approved by the institution. Information on all add and deduct change orders approved by the institution for projects between \$250,000 and \$999,999 shall be provided in a semi-annual report to the Board Office.

For projects with budgets of \$1,000,000 or more, change orders shall be approved by the institution, unless a single change order exceeds \$50,000 and/or the sum of the cumulative change orders exceeds 20 percent of the original construction contract amount. If the amount of the change order(s) exceeds this threshold, the change order(s) shall be approved by the Board Office, but may be referred for Board action at the discretion of the Board Office. Information on all approved change orders for projects of \$1,000,000 or more shall be reported to the Board as needed.

All copies of contract change orders requiring Board approval shall be signed by the chief business officer and the Executive Director after Board approval.

9.10 Architect, Engineer and Construction Management Services Selection

A. Iowa Preference

Preference shall be given in accordance with Iowa Code to the selection of design professional firms either based in Iowa or with permanent offices in Iowa. If a firm which is neither Iowa-based nor with a permanent office in Iowa is selected, reasons shall be reported to the Board Office or to the Board as part of the university's Register of Capital Improvement Business Transactions.

B. Design Professional Selection Process

1. Selection of Design Professionals for Projects with Budgets of Less than \$999,999

- a. The process for selection of the design professional is the responsibility of the institution. Approval of the negotiated agreement by the institution (as detailed in this Chapter) shall constitute selection of the firm.

2. Selection of Architects for Projects with Budgets of \$1,000,000 or More

- a. Architectural selection for projects expected to cost \$1,000,000 or more must be selected by an institutional Architectural Selection Committee.
- b. The institution shall advertise its need for design services for the project. The Iowa Chapter of American Institute of Architects shall be notified by the institution concerning the institution's intention to secure architectural services.
- c. The institution shall notify the executive director of the Board when the institution will evaluate the proposals of each firm responding for the purpose of determining a short list of architectural firms to be interviewed and when the Architectural Selection Committee will meet to interview firms.

- d. The committee shall receive and evaluate the proposals of each firm responding to the advertisement utilizing appropriate criteria, and select the firms it believes are the most qualified for the project for interviews with the Committee.
 - e. Based on the Architectural Selection Committee's interviews with the firms, the Committee shall select a firm and forward its selection, with justification, to the university president or the president's designee for authorization to negotiate an agreement with the firm.
 - f. The Architectural Selection Committee's summary report shall be forwarded to the Board Office prior to the institution's request for approval of the selected firm.
 - g. When Board approval is required, the selected firm, and/or the negotiated agreement, shall be included on the Register of Capital Improvement Business Transactions for Board approval.
3. Selection of Engineers and Other Prime Design Professionals for Projects with Budgets of \$1,000,000 or More
- a. Engineer or other design professional selection for utility or other projects expected to cost \$1,000,000 or more must be selected by an institutional committee.
 - b. The committee shall be established for the purpose of selecting the firm for the specific project; the committee shall be comprised of appropriate institutional personnel depending upon the professional services to be provided.
 - c. The institution shall advertise its need for design services for the project.
 - d. The institution shall notify the executive director of the Board when the institution will evaluate the proposals of each firm responding for the purpose of determining a short list of firms to be interviewed and when the committee is to meet to interview firms.
 - e. The committee shall receive and evaluate the proposals of each firm responding to the advertisement utilizing appropriate criteria, and select the firms it believes are the most qualified for the project for interviews with the committee.
 - f. Based on the committee's interviews with the firms, the committee shall select a firm and forward its selection, with justification, to the

university president or the president's designee for authorization to negotiate an agreement with the firm.

- g. The committee's summary report shall be forwarded to the Board Office prior to the institution's request for approval of the selected firm.
- h. When Board approval is required, the selected firm, and/or the negotiated agreement, shall be included on the Register of Capital Improvement Business Transactions for Board approval.

C. Use of Consultants for Feasibility Studies

1. Institutions are authorized to use consultants (typically design professionals) to conduct feasibility studies and strategic planning related to university facilities for the purpose of establishing the feasibility, concept, and/or scope for capital projects, provided the study does not include the preparation of construction documents.
 - a. For feasibility study agreements with a total anticipated cost of less than \$50,000, including reimbursables, the institution shall determine the process for selection of the consultant. The chief business officer shall approve the consultant agreement.
 - b. For feasibility study agreements with a total anticipated cost between \$50,000 and \$149,999, including reimbursables, the institution shall determine the process for selection of the consultant. For feasibility study agreements with a total anticipated cost of \$150,000 or more, including reimbursables, the institution shall advertise its need for services and an institutional Architectural Selection Committee (or other appropriate committee depending upon the professional services to be provided) shall evaluate the firms' submittals and determine a short list of firms to be interviewed, and interview the short list firms. The Board Office shall approve the selection of the consultant and the agreement for all feasibility study agreements with anticipated costs of \$50,000 or greater; the institution shall provide the Board Office with a description of the selection process and the rationale for selection of the consultant with its request for approval.

D. Construction Manager Services

1. When the institution proposes to use construction management services in lieu of a single stipulated sum prime construction contractor, the institution shall obtain approval from the Board of the

proposed process, including approval of the responsibilities of the construction manager and the selection process to be used.

2. The provision of other professional, specific services by construction managers is subject to the policies governing architects, engineering and other design professionals as detailed in this chapter of the Policy Manual.

E. Consultant Agreements and Amendments

1. Authority for approval of consultant agreements is detailed in this Chapter.
2. Authority for approval of amendments to consultant agreements is detailed in this Chapter.

F. Consultant Fees

1. Payments to the architect, engineer, other design professional or construction manager for services shall be based on a fee negotiated with the institution and approved by the institution, Board Office, or Board in accordance with this Manual.
2. The basis for payment shall be established by the institution.

G. Disputes with Consultants

Disputes between the consultants and the university will be handled in accordance with procedures outlined in the Board of Regents consultant's agreement.

9.11 Special School Capital Project Requirements

The capital procedures for the universities shall apply to the special schools, with the following exception:

Responsibility for Administration of Capital Projects

Iowa State University shall be responsible for the overall administration of capital projects at the special schools (Iowa School for the Deaf and Iowa Braille and Sight Saving School) and shall develop, in conjunction with each school and the Board Office, a responsibility matrix to determine the specific responsibility (school or Iowa State University) for development / approvals of a project description and budget, preparation of Board agenda materials, bidding process and other components of the Regents capital project process. The specific responsibilities of Iowa State University or the school may change by project; these specific responsibilities could be determined by dollar thresholds or the level of complexity of a project.

9.12 Preparation of Plans and Specifications

A. Preparation of Plans and Specifications

1. Plans and specifications will be prepared in compliance with good practice, state and federal law, and Board policy.
2. Final plans and specifications shall be in compliance with the project approved by the Board and the chief business officer shall so certify to the executive director.

B. Liquidated Damages

Liquidated damages clauses are to be used on those capital projects that are of extreme urgency to a university function or for a project involving income generation. When such clauses are used, they are to be inserted as a bid alternate to determine what the additional cost of the clause may be.

C. Requirement for Holding Bids

Universities shall provide in their instructions to bidders that all bids be held for at least 45 days to allow Board action at a regular meeting in cases of unusual circumstances.

D. Art in State Buildings

1. Requirements for the Art in State Buildings Program are included in the Iowa Code and Iowa Administrative Code
2. The Art in State Buildings Program shall apply to construction of new buildings, major renovations, or additions to existing buildings, with the exception of the facilities listed in the Iowa Code.
3. The dollar amount allocated for Art in State Buildings shall be at least 0.5% of the project budget and will cover the cost of selection, acquisition, shipping, installation, and any other associated costs, except professional fees as referenced in the Iowa Code.
4. The Regent institutions participate in the Iowa Arts Council's program with the following understanding:
 - a. The Regent institutions shall coordinate and administer the selection, purchase, and installation of art objects for each project affected by the program.
 - b. The Regent institutions shall receive, hold, and disburse the fine arts funds applicable and designated for each project.
5. When preparing capital appropriation requests, the Regent universities and special schools shall plan for the expense of fine arts elements in their requests.

9.13 Bidding of Construction Contracts

The policies of the Board of Regents, State of Iowa, for the bidding of construction contracts are in compliance with the requirements of the Iowa Code and Iowa Administrative Code.

A. Advertisement for Bids

The university, in the name of the Board, shall advertise for bids for the contemplated improvement or construction consistent with provisions of Iowa Code.

B. Public Competitive Bidding

1. Regents capital projects are governed by Iowa statutory requirements relating to Competitive Bidding (Section 262.34), Preference for Iowa Products and Labor (Chapter 73 of the Iowa Code) and Reciprocal Resident Bidder Preference (Section 73A.21).
2. Pursuant to §262.34 of the Iowa Code, when the estimated cost of a construction contract is in excess of \$100,000, the institution shall advertise for public competitive bid.

3. Targeted Small Businesses Construction Contracts

All laws and rules pertaining to solicitations, bid evaluation, contract awards, and other procurement matters apply to targeted small business targets to the extent there is no conflict. If Iowa Code related to targeted small businesses conflicts with other laws or rules, then Iowa Code related to targeted small business shall govern.

C. Bid Security

1. As required by Iowa Administrative Code, bids are to be accompanied and secured by a cash deposit, cashier's check, certified check, or a bid bond in an amount of at least 5 percent of the bids. Bids accompanied and secured by any other form of bid security shall automatically be disqualified.
2. As permitted by Iowa Code, on bids of \$50,000 or less, Certified Targeted Small Businesses may either provide a bid bond OR a bond waiver from the Department of Inspections and Appeals.
3. Other provisions related to the requirements for and provisions of bid security are detailed in Iowa Administrative Code.

9.14 Process for Bid Openings, Receipt of Construction Bids and Award of Construction Contracts

A. Notification of Bid Openings

The universities shall notify the Board Office immediately when a bid opening for a project with a budget of \$250,000 or greater is scheduled, via e-mail or an alternate method to be determined by the university and the Board Office.

B. Receipt of Construction Bids

1. All construction bids shall be received until 2:00 p.m. on the date designated in the advertisement, after which such bids will promptly be publicly opened and read aloud by the chief business officer or designee. No deviation in the uniform receipt time shall be permitted without prior written permission of the executive director. Bid openings on weekends, Mondays, university recognized or federal holidays, or on days immediately preceding or following a university recognized or a federal holiday will be avoided when possible.
2. Each envelope containing a bid shall receive a time stamp which will register the official time of receipt.
3. A university representative shall be present at the place designated for receipt of bids prior to and through the 2:00 p.m. uniform receipt time.
4. No bid shall be received after the 2:00 p.m. cutoff time, unless the university's representative determines that a prospective bidder was in line ready to have a bid received at 2:00 p.m.
5. Bidders shall not use any institutional offices or equipment other than public telephones in bid preparation.
6. Upon receipt, bids will be secured by a university representative and will be moved by the same representative to the place designated for opening of bids.
7. The place where bids are to be opened publicly and read aloud shall be posted and announced to bidders when bids are received. A bidder shall be urged by the university's representative to proceed immediately to the bid opening location after bid receipt has taken place.
8. Any bidder who submitted a timely bid and has concerns related to the bidding of a construction contract under this chapter shall contact the university Associate Vice President of Facilities, or his/her designated representative, within two university business days following public opening of the bids. The Associate Vice President of Facilities, or his/her designated representative, shall discuss the issue(s) with the bidder in an effort to resolve the dispute. If an acceptable resolution is not achieved, the Associate Vice President, or his/her designated representative, shall document the bidder's concerns in writing and forward them to the appropriate decision-maker along with the recommendation to award the

contract. Once a contract has been awarded in accordance with this chapter the decision is final.

C. Award of Construction Contracts

1. A Regent construction contract shall be let consistent with Iowa Code to the lowest responsible bidder. However, if in the judgment of the Board, bids received are not acceptable, the Board may reject all bids and proceed with the construction, repair, or improvement by a method as the Board may determine as provided by Iowa Code.
2. University Actions and Reports
 - a. With the approval of the president of the university, the chief business officer or designee shall award the construction contract as authorized by this Manual.
 - b. On projects with budgets of \$250,000 or more, the universities shall forward to the Board Office, via e-mail or an alternate method to be determined by the university and the Board Office, a copy of the bid tabulation within 24 hours of the bid opening. The bid tabulation shall include the construction cost estimate(s) for the Base Bid and any alternates.
 - c. A listing of contracts awarded by the university for projects with approved budgets exceeding \$250,000 shall be provided to the Board Office as requested.
3. For construction contracts to be awarded by the Board Office as provided for in this Manual, the chief business officer or designee, shall furnish to the Board Office, via e-mail or an alternative method to be determined by the university and the Board Office, a signed recommendation for award of the construction contract, which will include the copy of the bid tabulation with construction cost estimate(s), a report of the bid opening and any bidding irregularities, as well as a written statement indicating whether award of the contract to the low bidder will allow the project to proceed within the last approved project budget or whether a revised project budget is necessary.
 - a. The award recommendation should include one of the following statements:

The award can be made as there are no unusual circumstances or irregularities in the recommended action

or

The following irregularities or unusual

circumstances are called to your attention for appropriate action: (detail)

- b. The award recommendation should include copies of any targeted small business documentation provided with the bid, if applicable.
- c. If the chief business officer determines that any unusual circumstances exist which require special attention of the Board, the report of the bid opening and the award recommendation shall include a statement thereof; and said matters shall be considered by the Board of Regents at its next meeting, at which time all interested parties may file a written statement.
- d. Regardless of other provisions of this Manual, for all projects with budgets exceeding \$250,000 for which there is a bidding irregularity, the construction contract shall be awarded by the executive director who shall inform the Board of the irregularity and the award, or the contract may be forwarded by the executive director to the Board for its action.
- e. The executive director shall notify each university formally by letter of action taken on each award of a contract.
- f. If the proposed award involves unusual circumstances or Board approval of a revision of the project budget as provided for in this Manual as determined by the executive director, the proposed award will be presented to the Board for action.
- g. On construction contracts to be awarded by the executive director or the Board, the contract shall not be considered to be awarded until the university receives a formal letter from the executive director, or approval by the Board. Upon approval to award the contract by the executive director or the Board, the university may proceed to issue a "Notice of Award" to the contractor with a copy to the Board Office.

9.15 Construction

A. Change Orders

- 1. Upon recommendation of the architect or engineer, the university may authorize or submit to the Board Office for approval change orders to the construction contract.
- 2. All change orders shall be submitted on standard change order forms and shall be accompanied by an explanation of the reason for the change.
- 3. Approval of change orders shall be as provided in Section 9.09B of this Chapter.

4. Change orders approved by the university shall be reported to the Board Office.
 5. Contract change orders requiring approval of the Board Office shall not be signed by the chief business officer until approved.
- B. Retention from Payments on Contracts
1. Retention from payments to construction contractors are governed by provisions of Iowa Code, including Chapters 262 and 573.
 2. Iowa Code provides for prompt payment by the contractor to its subcontractors.
- C. Iowa State Sales Tax on Construction Projects
1. The services and materials furnished as part of Regent construction projects are generally exempt from state sales tax.
 2. Iowa Code provides two options to deal with Iowa state sales tax on Regent construction projects.
 - a. Regent universities may issue exemption certificates to contractors and subcontractors allowing them to purchase, or withdraw from inventory, building materials for the contract free from Iowa sales tax following Department of Revenue procedures, or
 - b. The contractor pays Iowa sales tax on all building materials and includes that cost in the bid; the contractor then submits Department of Revenue forms to the Regent university to document the amount of Iowa sales tax paid on the construction materials incorporated into the real property. The Regent university would then apply for a refund of the Iowa sales tax following Department of Revenue procedures.
 - c. The Conditions of the Contract for all Regent construction projects shall identify whether exemption certificates will be issued.

9.16 Acceptance of Completed Construction Contracts

- A. The chief business officer, with the approval of the chief executive officer of each university, is authorized to accept contract work as complete and authorize final payments on behalf of the Board of Regents and in accordance with Iowa Code. The waiting period, required by Iowa Code, shall commence on the date of such acceptance and authorization.
- B. The contract performance bond shall provide coverage for at least one year following contract acceptance by the institution and permit the Board recourse to remedy contractor deficiencies without prejudice due to prior acceptance of the contract by the institution.

- C. All construction contracts for projects with budgets of \$250,000 or more, which have been accepted as complete by the chief business officer, shall be reported to the Board Office in a method to be determined by the Board Office.

9.17 Final Reports

Final reports for completed capital projects with budgets of \$250,000 or more shall be sent to the Board Office. The final report document shall show in summary form the current project budget, expenditures, balance or overdraft in the project account, and disposition of the balance or overdraft (with explanation).

9.18 Procedures for Institutional Roads Projects

- A. Projects administered by the Department of Transportation will proceed according to Department of Transportation rules and regulations after a project description and budget have been approved by the institution, Board Office, or Board according to requirements of this Manual.
- B. Projects administered by the Board of Regents institutions will follow Board of Regents procedures as outlined in this Chapter.
- C. On certain projects a university may be responsible for the preliminary engineering, design, administration, contract letting, construction engineering, and inspection of a programmed institutional road construction project. The Iowa Department of Transportation shall be informed, consulted, and shall concur in the various phases of the project as determined by a formal agreement between the Board and the Iowa Department of Transportation. The Iowa Department of Transportation shall reimburse the university for the actual construction and design costs of such a programmed project, as prescribed and expressed in the formal agreement.
- D. The Iowa Department of Transportation shall enter into annual maintenance agreements with Board of Regent institutions. Agreements shall set out institutional road mileage to be maintained by each institution and shall specify in detail the routine maintenance categories for which each institution shall be reimbursed monthly for maintenance costs incurred in the preceding month. Such agreements shall be effective the first day of January each year.