

Contact: Joan Racki

**STATUS REPORT ON IMPLEMENTATION OF  
POLICY CHANGES**

**Action Requested:** Receive the report on implementation of capital project procedure/policy changes and consider making recommendations to the Board on additional policy changes, as outlined in this memorandum.

**Executive Summary:** At its November 2004 meeting, the Board approved a number of changes in its capital procedures and policies to streamline the capital project approval process, while maintaining appropriate Board oversight. These changes resulted from Board direction, at its June 2004 meeting, to review the procedures and dollar levels of capital approval thresholds, with a focus on maintaining Board authority for strategic policy decisions and follow-up monitoring.

The changes in the policies and procedures, which are summarized in Attachment A, in general, increased institutional authority for projects with budgets up to \$1,000,000, increased Board Office authority for projects with budgets between \$1,000,000 and \$1,999,999 (with discretion to forward items for Board action), and retained Board approval for new building projects of \$1,000,000 or more, as well as for all projects with budgets of \$2,000,000 or more.

The Board Office believes that the new policies and procedures have worked well, allowing the Board to focus on strategic policy decisions related to capital projects. However, as discussed with the Property and Facilities Committee at its November 2005 meeting, it is recommended that architect/engineer selections for projects with budgets exceeding \$2,000,000 be delegated to the Board Office, with discretion retained for Board action, as may be needed. This modification should improve the efficiency of the process. Approval of all feasibility study agreements with an anticipated cost exceeding \$50,000 would also be delegated to the Board Office. The proposed changes to the Board's Policy Manual are included in Attachment B.

**Additional Information:** One of the more significant changes adopted in November 2004 was to delegate to the Board Office approval of most project budgets between \$250,000 and \$2 million. The following tables compare Board approvals of project descriptions and budgets in FY 2003 and FY 2004 with Board action since the new thresholds were adopted.

<i>Board Approvals of Project Descriptions and Budgets</i>		<u>SUI</u>	<u>UIHC</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
<b>FY 2003</b>	\$250,000 - \$500,000	5	5	3	3	16
	\$500,000 - \$1 million	11	8	11	0	30
	Over \$1 million	<u>12</u>	<u>3</u>	<u>6</u>	<u>3</u>	<u>24</u>
	<b>TOTAL FY 2003</b>	<b>28</b>	<b>16</b>	<b>20</b>	<b>6</b>	<b>70</b>
<b>FY 2004</b>	\$250,000 - \$500,000	9	6	2	5	22
	\$500,000 - \$1 million	10	5	1	1	17
	Over \$1 million	<u>9</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>18</u>
	<b>TOTAL FY 2004</b>	<b>28</b>	<b>15</b>	<b>6</b>	<b>8</b>	<b>57</b>

<i>Approvals of Project Descriptions and Budgets 11/5/2004 - 12/15/2005</i>		<u>SUI</u>	<u>UIHC</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Exec. Dir.	\$250,000 - \$500,000	17	5	10	4	36
Exec. Dir.	\$500,000 - \$1 million	9	5	3	3	20
Exec. Dir.	\$1 million - \$2 million	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<b>Exec. Dir. Total</b>	<b>30</b>	<b>10</b>	<b>13</b>	<b>7</b>	<b>60</b>
Board	\$1 million - \$2 million	1	0	0	0	1
Board	Over \$2 million	<u>3</u>	<u>4</u>	<u>5</u>	<u>0</u>	<u>12</u>
	<b>Board Total</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>13</b>
<b>GRAND TOTAL</b>		<b>34</b>	<b>14</b>	<b>18</b>	<b>7</b>	<b>73</b>

The revised policies also delegated to the Board Office, with referral to the Board at Board Office discretion, increased authority for approval of program statements for new construction or renovations, architect/engineer amendments, and construction change orders. Since the policy was adopted in November of 2004, the following project documents have been approved by the Board Office.

	<u>SUI</u>	<u>UIHC</u>	<u>ISU</u>	<u>UNI</u>	<u>TOTAL</u>
Program Statements	0	2	5	1	8
A/E Amendments	3	13	7	0	23
Change Orders	<u>7</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>13</u>
<b>TOTAL APPROVALS</b>	<b>10</b>	<b>18</b>	<b>13</b>	<b>3</b>	<b>44</b>

THRESHOLD REVISIONS (Approved November 2004)  
BOARD OF REGENTS POLICY MANUAL CHAPTER 9

	PROJECT BUDGET AMOUNT		
	\$250,000 - \$499,999	\$500,000 - \$999,999	\$1 Million - \$2 Million
			\$2 Million or More
<u>Permission to Proceed</u>			
2003 Policy			Approved by Board
November 2004 Approved Policy	Not Required		Approved by Board
<u>Program Statement</u>			
2003 Policy			Approved by Board for New Buildings and Renovation
November 2004 Approved Policy	Approved by Board Office for New Buildings Only but may be forwarded for Board action at Board Office discretion		Approved by Board Office for New Buildings, Major Additions and Remodeling Projects but may be forwarded for Board action at Board Office discretion
	(Note: The proposed policy would establish different thresholds for new buildings and renovation with a lower threshold for new construction)		
<u>Schematic Design</u>			
2003 Policy			Approved by Board for New Construction and Renovation
November 2004 Approved Policy	Approved by Board for New Buildings Only; schematic design to reflect program statement approved by Board Office or Board		Approved by Board for New Buildings, Major Additions and Remodeling Projects; schematic design to reflect program statement approved by Board Office or Board
<u>Project Description and Budget</u>			
2003 Policy			Approved by Board
November 2004 Approved Policy	Approved by Board Office		Approved by Board All Others Approved by Board Office
<u>Revised Project Budgets</u>			
2003 Policy	If increase less than \$100,000, approved by Institution If increase \$100,000 or more, approved by Board Office	Approved by Board Office	Approved by Board
November 2004 Approved Policy	Approved by Institution To be reported semi-annually to Board Office		Approved by Board Approved by Board Office for Board action at Board Office discretion

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	PROJECT BUDGET AMOUNT.....	
	\$250,000 - \$499,999	\$1 Million - \$2 Million
	\$500,000 - \$999,999	\$2 Million or More
<u>Architect/Engineer Agreements</u>		
2003 Policy	Approved by Board Office If fee is less than \$50,000, approved by Institution If fee is \$50,000 or more, approved by Board Office	Approved by Board
November 2004 Approved Policy	Approved by Institution To be reported semi-annually to Board Office	Selection approved by Board, agreement approved by Board Office, but agreement may be referred for Board action at Board Office discretion
<u>Construction Contract Awards</u>		
2003 Policy	Awarded by the Institution unless unusual circumstances, then referred to Board Office	Awarded by Board Office
November 2004 Approved Policy	Awarded by the Institution unless unusual circumstances or bid irregularities, then referred to Board Office	Awarded by Board Office but may be referred for Board action at Board Office discretion, or if required by bidding irregularities or other unusual circumstances
<u>Architect/Engineer Amendments</u>		
2003 Policy	If single amendment exceeds \$25,000 or 20 percent of agreement (whichever is more), approved by Board Office All others approved by Institution	If single amendment exceeds \$50,000 or 20 percent of agreement (whichever is less), approved by Board Office If single amendment exceeds \$100,000 or 50 percent of agreement (whichever is less), approved by Board All others approved by Institution
November 2004 Approved Policy	Approved by Institution To be reported semi-annually to Board Office	Approved by Institution, unless a single amendment exceeds \$50,000 and/or cumulative amendments exceed 20 percent of contract, then approved by Board Office, but may be referred for Board action at Board Office discretion To be reported to Board as needed
<u>Construction Change Orders</u> (Amounts apply to both add and deduct change orders (+ or -))		
2003 Policy	If single change order totals \$50,000 or more (+ or -), approved by Board Office All others approved by Institution	If single change order between \$50,000 and \$99,999 (+ or -), approved by Board Office If single change order of \$100,000 or more (+ or -), approved by Board All others approved by Institution
November 2004 Approved Policy	Approved by Institution To be reported semi-annually to Board Office	Approved by Institution, unless a single change order exceeds \$50,000 and/or cumulative change orders exceed 20 percent of contract, then approved by Board Office, but may be referred for Board action at Board Office discretion To be reported to Board as needed

**CONSULTING FIRM - 9.08B.2 (Board of Regents Policy Manual)**

*Existing Policy*

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 between \$1,000,000 and \$1,999,999, 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. Whenever the estimated project budget for a construction project is \$2,000,000 or more, the consultant selection shall be approved by the Board. The agreement shall be approved by the Board Office, but may be referred for Board action at the discretion of the Board Office.

*Proposed Policy*

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.

**FEASIBILITY STUDIES -- 9.10C.1b and 9.10C1.c (Board of Regents Policy Manual)**

*Existing Policy*

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. The Board Office shall approve the consultant agreement; 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.

For feasibility study agreements with a total anticipated cost of \$150,000 or more, including reimbursable, selection of the consultant shall be approved by the Board. 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. A summary of the selection process and the rationale for the recommended consultant shall be provided with the institutional request for Board approval of the consultant. Board approval of the selection of the consultant shall be sought as part of the Register of Capital Improvement Business Transactions; the Board Office shall approve the negotiated agreement.

*Proposed Policy*

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.