University of Iowa Delivery of Construction Projects

October 8, 2013

The University of Iowa is obligated to deliver construction projects within the governing requirements of the Board of Regents, State of Iowa, and through the use of an established system of processes and delegated responsibilities. Delegations may vary based upon project size, but all projects must follow a consistent path that assures accountability, as described within the following protocols.

Central to the delivery of University of Iowa projects is the engagement of private sector professional design services and construction services. Approval of these private sector engagements is governed by Chapter 9 of the Board of Regents Policy Manual. In consistently managing and delivering projects according to the protocols described below, the University of Iowa is engaged in a continuous partnership with staff in the Board of Regents Office.

Process Overview -

Regent institution construction projects are primarily divided into two categories:

- Large projects – those anticipated to have a total project cost of greater than $2M and require specific approval by the Board
- Small projects – those with an anticipated total project cost of under $2M

There are subtle variations within these basic definitions, which are detailed in Chapter 9 of the Board of Regents Policy Manual. Additionally, following the bidding of construction projects, Regent approval requirements generally shift the definition of large projects from $2M to $1M. For the purposes of this document, the institutional and Board of Regents processes will be described and detailed based on these two categories of projects.

Projects on the University of Iowa campus are divided into two additional categories:

- University of Iowa General University projects, managed by Planning, Design & Construction, a department within UI Finance & Operations
- University of Iowa Hospitals & Clinics projects, managed by UIHC Capital Management

While the staffs delivering these projects are within separate UI organizations, and in some instances the projects hold unique requirements or expectations, the flow of project documents and information required by the Board of Regents remains the same and flows through the University Chief Business Officer (Senior Vice President for Finance and Operations), pursuant to Regent requirements. This document describes a protocol that aids in information flowing consistently and transparently to the Board of Regents.
A key point of coordination for proposed and in-progress construction projects occurs directly between the University and the Board of Regents Office. Board of Regents Office representatives monitor project progress and watch after State, Regent and inter-institutional interests that may relate to any project effort. Consistent and reliable connection points for communications and approvals between the University and the Board of Regents Office are critical to the success of University projects.

Construction project-related approval requests and documents are submitted to the Board Office from the University of Iowa Senior Vice President, or designee in certain instances. The following protocol outlines that process and delegation: 1.) UIHC project information requiring Board of Regents review or approval is assembled, reviewed and verified by the Director of UIHC Capital Management; and 2.) Projects managed by Planning, Design & Construction, Regent-required information is reviewed and verified by the Director of Planning, Design & Construction. All appropriate reviews internal to the University will be completed prior to delivery to the Board Office. Generally, the Senior Vice President will depend upon the UI Business Manager to manage the execution and transmittal of construction-related approvals and documents.

All information requiring Board of Regents approval and inclusion within the University’s Capital Register will be reviewed and authorized by the Senior Vice President. The UIHC projects will also have prior review and approval by the UIHC CEO.

Flow of Regent-required project information, for UI and UIHC projects:

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UIHC  Capital Management Director  UI Senior Vice President
   UI          Planning, Design & Construction Dir.  or via delegation  BOR Office
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Depending upon the size and importance of individual projects, other UI officers may be involved within the flow described above. They can include the University of Hospitals & Clinics CEO, the Vice President for Medical Affairs, the Executive Vice President and Provost, the Associate Vice President for Facilities Management, the Director of Purchasing, as well as other vice presidents, deans or unit directors.

The remainder of this report details the protocol for large and small projects.
**Large Project Protocol**

Large construction projects at the University of Iowa are delivered according to the following schedule of milestones, each describing the delegated responsibilities and approval protocol (Detailed definitions of the various stages follow the diagram).

All Capital Register items to be considered by the Board of Regents will be provided to the Office of the Senior Vice President for review and submission to the Board office within required timelines established by the Office of the Senior Vice President.

1. **Project initiation:**
   - General University projects: Capital Projects Review Committee (CPRC) reviews/approves project funding and fit with institutional objectives (>$1M); UIHC projects: reviewed by the UIHC Capital Budget Guidance Team prior to advancement (>-$100K)

2. **Permission to Proceed with Planning:**
   - Assembled by UI/UIHC and directed by Senior Vice President or designee to Board Office for review/approval by Board of Regents

3. **Design consultant selection:**
   - (>1M) Follows Regents Chapter 9 protocol and includes Board Office and UI client unit involvement/UI Administration endorsement

4. **Consultant contract:**
   - Negotiated/assembled by UI/UIHC and directed by Senior Vice President or designee to Board Office for approval/signature by Regent Executive Director

5. **Project Program:**
   - Assembled by UI/UIHC and directed by Senior Vice President or designee to Board Office for approval by Regent Executive Director (in advance of Schematic Design/Budget)

6. **Schematic Design/Budget:**
   - Statement/booklet assembled by UI/UIHC and directed by Senior Vice President or designee to Board Office for review/approval by Board of Regents

7. **Construction Completion**

**UI Campus Planning Committee (CPC):**
- Reviews/Endorses designs

**Construction bid/contract:**
- PD&C opens/records all bids. The University Business Manager, after consultation with either Facilities Management or UIHC Capital Management, is delegated by the Senior Vice President to recommend award by the Board Office for all UI projects and sign/send contracts to the Board Office for approval/signature by Regent Executive Director. Potential irregularities or unusual circumstances are reported to the Senior Vice President.
**Large Project Definitions** -

Generally, large project procedures are required for any project expected to cost $2M or more. For projects of this designation, formal Board of Regents requirements are described below. Generally, the Senior Vice President authorizes the UI Business Manager to deliver each required submittal to the Board of Regents Office once it has met all University and UIHC requirements.

**Permission to Proceed with Planning (PTP)** – Granted as part of the BOR meeting Capital Register, this step formally initiates the project. This submittal includes the PTP form as well as an Evaluation Criteria (ECR) form, when required. The ECR is re-submitted at each subsequent BOR review to confirm any notable changes to the project intent. The first project cost assumption is provided at this step. Approval of the PTP allows the University to begin the consultant selection process, as detailed in Chapter 9 of the Board of Regents Policy Manual. Should the UI determine that an alternative delivery method (other than Design-Bid-Build) best suits the project, it is proposed as part of the PTP. Selection of alternative delivery consultants/contractors follows established BOR protocol.

**Consultant/Architect-of-Record Professional Services Agreement (PSA)** – Upon completion of the consultant selection process, and following negotiation of the services contract, the contract is signed by the consultant, the University Business Manager, and by the Board of Regents Executive Director.

*Note:* During the project, it may become necessary to amend the design professional contract (Professional Services Agreement Amendment or PSAA). In these cases, most of the changes are managed by University officials. However, for projects greater than $1M, if a single change is greater than $50,000 or if accumulated changes exceed 20% of the original contract, the Board of Regents Executive Director must approve/sign the proposed changes. All amendments requiring BOR Office approval will be generated and transmitted in the same manner as the initial PSA.

**Program Statement (PRO)** – This document is submitted by the University to the Board of Regents Office, for approval by the Executive Director. The Program Statement summarizes the spaces and square foot area to be included in the proposed project. The Program Statement is typically submitted during the schematic design phase by the Associate Director, Planning, Design and Construction (PD&C) (UI) or the Director, Capital Management (UIHC) through the University Business Manager. This form is then recommended for submission to the BOR Office and its approval. It must be approved prior to requesting BOR approval of the Schematic Design/Budget.

**Schematic Design/Budget (SDB)** – This marks the final stage of formal approval by the Board of Regents, for any large project. The University submits the SDB and updated ECR forms, and includes a schematic design booklet that communicates the appearance of the proposed design. The SBD primarily communicates the intent of the design and the estimated and budgeted project cost. While all new structures and major renovations follow this form of submittal, utilitarian/utility projects often forgo visual design descriptions, and as such, refer to this stage as Project Description/Budget (PBD).
**Financing Plan** - For projects which are to be financed primarily through the issuance of bonds, or other debt instrument, a financing plan should be submitted to the Board at the same time as the Schematic Design/Budget.

**Note:** Occasionally there are situations (ie. unexpectedly high bids, major in-construction issues) where the Regent-approved budget, for a UI/UIHC project must be increased. In those instances and with the consent of the Senior Vice President, the University submits, through the UI Business Manager to the Board of Regents Office, a **Revised Budget** form and explanation for the project budget overrun. This is reviewed and approved by the Board of Regents, or by the Board’s Executive Director when timing is critical (followed by ratification by the full Board).

**Bids/Award of Construction Contract** – Planning, Design & Construction coordinates/opens bids for all UI and UIHC projects. Following a public bid opening, and assuming there are no bid irregularities, the Board of Regents Office receives from the UI Business Manager the University’s recommendation for Award of Contract. The University sends to the Board of Regents Office the Form of Agreement/Payment Bond to be signed by the Board’s Executive Director. This authorizes commencement of the construction phase.

**Change Orders** – During the construction phase unforeseen conditions, design errors/omissions or owner directions will require changes to the construction contract. In these cases, most of the changes are managed by University officials. However, for projects greater than $1M, if a single proposed construction change is greater than $50,000 or if accumulated changes exceed 20% of the original contract, the Board of Regents Executive Director must sign the proposed changes prior to action on that change taking place. All change orders requiring the Board of Regents Office approval will be generated by Planning, Design & Construction or by UIHC Capital Management, and transmitted to the Board of Regents Office by the UI Business Manager. Notice of this action is provided by the UI Business Manager to the University Controller.

**Project Closure** – A building can be occupied by the public after Substantial Completion is granted by the University. However, the project is not considered complete until Final Acceptance is granted and contracts are fully paid and closed out. This process is managed by UIHC Capital Management for UIHC projects and by PD&C for all other UI projects. Facilities Management’s Business & Financial Services (Project Accounting) unit issues a Close-out report on all projects upon final payment. This report is approved by the Directors of PD&C or UIHC Capital Management, depending on the project. The report is filed locally, and notice is given to the University Controller, UI Business Manager, and Senior Vice President. Final reports need to be filed with the Board Office in a timely manner, consistent with Board policy.
Small project process/definitions -

Though large projects garner the majority of public attention, the vast majority of the projects managed by the University are categorized as small. Within this broad category, there are primarily two variations of small projects:

Projects costing between $250K and $2M

For projects within this range, the steps to completion mirror those detailed in the graphic on page 3. The following summarize what is reported to the Board of Regents:

- **Project initiation** is done on-campus and without Board of Regent Permission to Proceed with Planning. The Capital Projects Review Committee (CPRC) approves all UI (non-UHIC) projects >$1M. For UIHC projects greater than $100K, the UIHC Capital Budget Guidance Team reviews and advances proposed projects to UIHC Administration.

- **Consultant selection/agreements/amendments** follow the same BOR procedure for large projects, unless the project cost is <$1M, in which case the Directors of Planning, Design & Construction and UIHC Capital Management have authority to approve selection, the contract and any amendments for the firm best-fitting the project needs.

- **Schematic design/budget** is approved by the BOR Office, and not the Board of Regents (this includes budget revisions). As is the case for large projects, the Schematic Design/Budget is approved by the Directors of PD&C and UIHC Capital Management, and then transmitted to the Board of Regents Office, when required, by the UI Business Manager.

- **Construction contract award** follows the large project rules unless the project is <$1M. For projects of <$1M, the contracts are internally reviewed and then approved and signed by the UI Business Manager.

- **Construction change orders** follow the large project rules unless the project is <$1M. For projects of <$1M, the University (PD&C and UIHC Capital Management) is authorized to process/approve all change orders and report them to the Board of Regents Office on an annual basis. This is done by Facilities Management – Capital Accounting.

Projects costing less than $250K

For these smallest projects, all project milestones and actions are approved at the University level. Coordination will be maintained with the UI Business Manager and Controller’s Office, to confirm appropriate funding support, and UI General Counsel for interpretation and guidance on any unusual circumstances. Process approvals of note:
• **Construction bids** are approved, after review by project team representatives, by the UI Business Manager. This follows that same process established for all projects, large and small.

• **All other project approvals** are assigned to the University Business Manager. These approvals follow appropriate review and recommendation by project team members.

**Supporting Roles and Responsibilities Internal to the University –**

In addition to the required interactions with, and approvals by, the Board of Regents for all large projects, the University maintains a number of quality-control measures that help to ensure projects are delivered in alignment with University and Regent objectives:

**BuildUI** – All University projects are managed with assistance by this web-based project budget and management system. Project Managers and support staff populate and utilize BuildUI to monitor project information. BuildUI is tied directly to the University’s General Ledger, allowing for transactions and project cost updates to post immediately. Timely reporting of project budget status increases early identification of issues and helps to increase consistency of successful project delivery. (While not designed for UIHC projects, Planning, Design & Construction and Facilities Management IT are working with UIHC Capital Management to begin using BuildUI for all UIHC projects as well).

**Budget coordination/monitoring** – The University Controller’s Office is involved and central to the initiation of large projects (as part of the CPRC) and at the various project stages when a project’s budget, and its funding sources, are established or confirmed. Additionally, the Facilities Management’s Project Accounting unit provides support services for all project-related transactions, including those managed by UIHC Capital Management.

**Internal departmental review** – Within Planning, Design & Construction and UIHC Capital Management, staff members reporting to the Directors hold key roles in monitoring and scrutinizing documents related to the process of delivering design and construction projects. Document review by staff delegates and Associate Directors assure appropriate quality-control and verification ahead of final approvals by the departmental Directors.

**Capital Projects Review Committee (CPRC)** – This UI committee reviews and provides guidance on any UI (non-UIHC) project expected to cost greater than $1M. The committee is represented by Finance, Facilities, Research and the Office of the Provost. Proposed projects are scrutinized on the basis of their fit with institutional objectives, the Campus Master Plan and viability of funding. Upon approval by this committee, and Central Administration approval by the Provost and the Senior Vice President, projects of greater than $2M are advanced to request Permission to Proceed with Planning (PTP) from the Board.

**UIHC Capital Budget Guidance Team** – This UIHC administrative committee reviews all proposed UIHC projects of greater than $100K. The committee prioritizes the projects and submits them to the VP for Medical Affairs and the UIHC CEO for consideration as part of the annual UIHC capital budget. Selected projects of greater than $2M are advanced to request Permission to Proceed with Planning (PTP) from
the Board. All PTP requests for the Board of Regents are processed through the Office of the Senior Vice President.

**Campus Planning Committee (CPC)** – This UI committee consists of UI faculty, staff and students and is assisted by Facilities Management. The committee reviews and provides design guidance on any UI or UIHC project that has a visual impact on the campus. Large projects are often presented to this committee on several occasions and as the project design is refined.

**“Pre-project” feasibility studies** – As large projects are considered, the University often engages consultant support to study feasibility. This support is important in understanding the parameters of a project ahead of CPRC or UIHC Committee review. At <$50,000 a feasibility study is managed and approved on campus, with contract approval by the University Business Manager. For feasibility studies that require services costing $50,000-$150,000 the Directors of either Planning, Design & Construction or UIHC Capital Management request Board of Regent Office concurrence and forward the Professional Services Agreement to the Board of Regents Office for approval/signature by the Board’s Executive Director. Studies larger than $150,000 require a formal consultant selection process as defined in Chapter 9 of the Board of Regents Policy Manual.

**Construction bid-tab review** – Following the opening of construction bids on large projects, UI project and construction management staff, as well as design professional staff, research the results to confirm that bid irregularities, budget issues or other unusual circumstances do not exist prior to advancing recommendations on award of the contract through the Associate Vice President of Facilities Management to the UI Business Manager. The UI Business Manager is delegated by the Senior Vice President responsibility for awarding or recommending award to the Board office; unless circumstances exist that require a broader communication with University Administration or UIHC Administration.

**The UI Business Manager** – This central UI position within the Finance and Operations Division is responsible for all UI land transactions and leases, easements, tenant properties and for agreements between the University and external entities. It also is delegated responsibility to support the Purchasing Department and Facilities Management in the execution and processing of business transactions. This position has duties that are often closely related to the development work delivered by Planning, Design & Construction and UIHC Capital Management. The Business Manager is critical to coordination of city relations and local code requirements. Close coordination with and guidance by the UI Business Manager will be maintained for project issues and for submission of BOR docket materials for the Capital Register. The UI Business Manager is a delegated signatory for capital project transactions.

**UI General Counsel** – Coordination with and direction from UI Office of General Counsel staff will be maintained. UI General Counsel will coordinate with Board of Regents legal counsel staff to assure UI actions are in accord with Regents policy and state law. Any capital project agreements which are changed from the prior approved versions must be reviewed by the UI Office of the General Counsel.

**Approval/Signatory “Delegation”** – Delegation of authority to act on behalf of the UI is critical to achieve timely actions on capital projects. The “Chief Business Officer” as cited in Chapter 9 of the
Regents Procedures is given substantial authority to act on capital projects. At the UI that position is Senior Vice President for Finance and Operations and Treasurer. Capital project responsibilities of the position are delegated to assure good oversight and expertise are applied in the decisions and to assure that timely actions can be taken when absences occur. These delegations are as described in this document. Generally, principal primary and secondary delegations are as follows:

Transmittal of Capital Register items and related request documentation to the Board Office by the UI Chief Business Officer (Senior Vice President).

- Primary delegation: UI Business Manager
- Second delegate: Assistant to the Senior Vice President
- Third delegate: Director of Project Design & Construction

Execution of construction or professional services documents or transmittal of requested approvals to the Board Office by the UI Chief Business Officer (Senior Vice President).

- Primary delegation: UI Business Manager
- Second delegate: Director of Purchasing
- Third delegate: Assistant VP & Director of Business Services

Principal Project Pathways—These are illustrated as follows:
Major Project Delivery –
The flow of information for all major capital projects (>$2M) delivered on the University of Iowa Campus

A Closer Look...
Zooming-in on the delivery of a major UI project

@ the Intersection of UI and UIHC Projects:
Project Support Tools and Coordination

*Service provided by UI Business Manager/Facilities Management/Controller