

Shepherd College Board of Governors Policy 23

TITLE: CAPITAL PROJECT MANAGEMENT

SECTION 1. GENERAL

- 1.1 Scope - This policy specifies the requirements for the management of capital projects.
- 1.2. Authority - W. Va. Code §18B-1-6, 18B-1-7, and 18B-2A-4.
- 1.3 Effective Date - March 14, 2002

SECTION 2. PURPOSE

- 2.1 It is the purpose of this policy to establish guidelines for the acquisition, construction and/or renovation of capital facilities on the campus and to delegate appropriate authority and assign responsibility for the management of such activities to the President and designees.
- 2.2 These activities shall include among other things the preparation and revision of campus master plans, the design and construction of new facilities, the renovation and/or additions to existing facilities, the demolition of existing facilities, acquisition or disposal of real property, and the selection and management of professional consultants to assist in all phases of such activities. This policy shall also govern the acquisition of facilities by lease or lease/purchase.

SECTION 3. CAMPUS MASTER DEVELOPMENT PLAN

- 3.1 In consultation with the Board, the President shall develop and submit to the Board for approval a campus facilities master development plan covering a planning period of no less than ten years. The President is hereby authorized to employ such professional and technical expertise on a contractual basis or as temporary employees as may be necessary to complete said plan or revisions thereto as required by this policy.
- 3.2 The campus facilities master development plan shall as a minimum address the following considerations:
 - 3.2.1 Relationship of the campus development plan to statewide higher education policies and mission, the institution's compact, its institutional master plan, and its mission as approved by the Policy Commission;
 - 3.2.2 A statement of major planning assumptions upon which the plan is based;
 - 3.2.3 Identification and delineation of anticipated areas of real property acquisition and/or disposition needed to fulfill the institution's mission;
 - 3.2.4 Identification of major new facilities and potential building sites;
 - 3.2.5 Renovation, addition to and/or demolition of existing buildings or facilities;
 - 3.2.6 Site improvements including landscaping, parking, vehicular and pedestrian circulation and access;
 - 3.2.7 Telecommunications and/or utility and infrastructure improvements; and
 - 3.2.8 General assessment of deferred maintenance and life safety issues, hazardous materials identification and management, occupational health improvements, and ADA requirements.

3.3 Upon approval by the Board the campus facilities master development plan shall form the foundation for recommendations and decisions with respect to the maintenance, renovation, construction and demolition of campus facilities, and the acquisition or disposal of real property.

3.4 The campus facilities master development plan shall be updated not less often than every ten years and shall be submitted to the Board for approval along with any recommendations for changes and modifications. If and when circumstances arise that necessitate changes or modifications to an approved campus facilities master plan in the interim, such changes or modifications shall be submitted to the Board for approval.

SECTION 4. CAPITAL PROJECTS

4.1 Capital Project Initiation and Approval - Projects in excess of \$500,000:

4.1.1 The President shall complete the following actions to initiate and manage the projects identified in the campus facilities master development plan, addenda thereto and/or approved revisions thereof:

4.1.1.1 Prepare and submit for Board approval a project prospectus which includes the following items:

- (a) Statement of project objectives.
- (b) Identification of alternatives.
- (c) Relationship to and/or impact on the campus facilities master development plan.
- (d) Impact of the project on the institution's operating budget and additional staffing requirements.
- (e) Description of the project program and how it fits within the approved mission statement of the institution.
- (f) Estimated project budget including sources of funds and cost estimates for architectural and engineering services, other professional services, site preparation, construction, moveable equipment, inspection and/or such other major components as may be deemed necessary including provisions for an appropriate project contingency.

4.1.1.2 Upon approval by the Board of the project prospectus, the President and designees shall undertake the management of the project including the following:

- (a) Selection of professional architectural, engineering and/or construction management services in accordance with existing purchasing regulations, subject to formal approval by the Board.
- (b) Program planning, design development and schematic design which shall be submitted for formal Board approval.
- (c) Preparation, review and approval of construction documents in accordance with applicable state building codes.
- (d) Bidding and award of construction contracts and issuance of construction purchase orders through the institution's purchasing office, according to applicable purchasing regulations, as well as contract administration, including progress payments and contract change orders. Change orders of \$100,000 and greater shall be reported to the Finance Committee.
- (e) Project inspection, including employment of professional consultants or employees.
- (f) Certificate of occupancy from the State Fire Marshal prior to occupancy of the project.
- (g) Acceptance of the project as complete and usable and making final payment in accordance with the provisions of Appendix A attached hereto.

4.1.1.3 A construction manager may be utilized to bid, award and administer construction contracts whenever the size and complexity of a project warrants the utilization of such services. If a

construction manager is used by the institution to manage construction, the following provisions shall apply:

(a) The form of agreement between the institution and the construction manager shall be consistent with the provisions of this policy.

(b) The agreement entered into by the institution and construction manager shall be on the basis of a guaranteed maximum price. The construction manager shall bear the risk of and shall bear the cost if the project exceeds the guaranteed maximum price. If the project is built for less than the guaranteed maximum price, all savings shall accrue to the benefit of the institution.

(c) Neither the construction manager nor any of its subsidiaries, agents, affiliates or assigns shall be eligible to bid nor shall they physically perform any construction work on the project.

(d) The construction manager shall furnish to the institution a performance bond and labor/material payment bond in an acceptable amount, which, in no case, shall be less than the guaranteed maximum price, that guarantees faithful performance of the contract, payment of all obligations thereunder and completion of the project within the guaranteed maximum price, pursuant to applicable provisions of the W. Va. Code.

(e) All contracts for construction, equipment and materials shall be publicly bid by the construction manager and such contracts shall be issued to the lowest responsible bidder. All such contracts shall obligate the contractor to pay prevailing wage rates pursuant to applicable provisions of the W. Va. Code. The construction manager shall be fully responsible to the institution for the performance of said contracts.

(f) The institution shall review and approve all bid lists proposed by the construction manager, and shall review and approve all contracts awarded by the construction manager prior to their award.

4.1.2 Whenever during the course of project administration a substantial change occurs in the original scope or purpose of the project, or the total project budget exceeds the approved estimate including appropriate contingencies by more than ten percent, the President shall consult with the Finance Committee to review the status of the project, and upon recommendation of the committee, shall seek further approval of such changes from the Board.

4.2 Capital Project Initiation and Approval - Projects of less than \$500,000:

4.2.1 Prior to the beginning of each fiscal year, the President shall prepare a report identifying in summary fashion those projects estimated to cost between \$200,000 and \$500,000 which are planned for the following year. This report will be presented to the Board for approval. The President or designee is authorized to proceed with all aspects of projects of this scope once approved by the Board. If a construction manager is used to manage construction, the provisions in paragraph 4.1.1.3 shall apply.

4.2.2 All contracts for capital projects shall be let in accordance with existing purchasing regulations and the W. Va. Code.

4.2.3 Whenever during the course of project administration a substantial change occurs in the original scope or purpose of the project, or the total project budget exceeds \$500,000, the President shall consult with the Finance Committee to review the status of the project, and upon recommendation of the committee, shall seek further approval of such changes from the Board.

4.3 The Board delegates to the President or designee the authority to initiate and complete projects the scope of which will not exceed \$200,000.

4.4 Lease or Lease/Purchase of Capital Facilities and Equipment:

4.3.1 Whenever the President determines that a lease or lease/purchase of capital facilities or equipment for which aggregate lease payments total in excess of \$500,000 over the lease term is desirable, advance approval of the Board shall be required.

4.5 The acquisition or disposal of real property by purchase, sale or exchange, or the granting of permanent easements or rights-of-way, shall require advance approval of the Board. Utility or other license agreements, which are revocable under reasonable terms and conditions may be approved by the President.

APPENDIX A

No new building addition and/or renovation thereto constructed shall be occupied in part or whole prior to the date of substantial completion unless a joint use agreement is prepared, reviewed and approved by the President or designee, the architect or project consultant and the prime contractor(s). By definition, the date of substantial completion is "the date certified by the architect/engineer when construction is sufficiently complete, in accordance with the contract documents, so the owner may occupy the project for the use for which it is intended." The final payment to a contractor for work performed in accordance with the contract documents shall be made, with concurrence by the designated representative of the institution, upon certification by the architect of the following:

1. Completion of punch-list items appended to the "certificate of substantial completion."
2. Receipt of contractor's affidavit as to release of liens.
3. Receipt of contractor's affidavit as to payment of debts and claims.
4. Receipt of agreement of contractor's surety company as to final payment.
5. Submission of as-built documents to the architect/engineer.
6. Certification by the architect/engineer as to project completion in accordance with the prevailing codes which governed the design of the project.
7. Tax release from the West Virginia Department of Tax and Revenue (and local municipality if applicable) pursuant to West Virginia Code.

9.3 All expenditures must be consistent with Board policies.