

POLICIES AND PROCEDURES MANUAL FOR PLANNING AND CONSTRUCTION

LAMAR UNIVERSITY

LAMAR INSTITUTE OF TECHNOLOGY

LAMAR STATE COLLEGE - ORANGE

LAMAR STATE COLLEGE - PORT ARTHUR

SAM HOUSTON STATE UNIVERSITY

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TEXAS STATE UNIVERSITY - SAN MARCOS

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EXECUTIVE OVERVIEW

“So... YOU WANT TO BUILD A CAPITAL PROJECT? WHAT DO YOU NEED TO DO?”

The Office of Contract Administration oversees the approval of capital improvement projects, and the procurement and administration of design and construction services on behalf of The Texas State University System for major capital projects pursuant to Chapter III, Section 1.6 of the Board of Regents Rules and Regulations for the eight Component Institutions (Components) that comprise The Texas State University System (System).

The Vice Chancellor for Contract Administration (VCCA) is the point person between the Components and the Chancellor and the Board of Regents (Board), and insures that projects are appropriately planned, programmed, designed and budgeted for approval by the Components. In so doing, the Office of Contract Administration strives to add value to the project delivery process by bringing System and external expertise to bear to help insure that projects are efficiently executed and that the underlying contracts are procured, negotiated and administered in an efficient and cost-effective manner while protecting the interests of the Board, Components and System.

The office has been delegated various levels of authority and many responsibilities, including changes to design and construction contracts and publication of the ***Policies and Procedures Manual for Planning and Construction*** (manual). Furthermore, the office strives to advance the image and reputation of the System’s facilities planning and construction teams by interacting with our peers and with the construction industry in a professional and knowledgeable manner, and by participating in activities that allow for the interchange of information and best practices.

This manual communicates laws, rules, regulations, policies and procedures to the Components on how to engage with System for the effective approval, contract administration and reporting of capital projects. The manual is organized as follows:

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In general, the project delivery process is linear regardless of the delivery or contracting method used, and requires the project to pass through several pre-determined approval milestones (or “gates”) as established by the Board, the Chancellor and the VCCA before moving on to the next phase. Understanding, planning and executing the required approvals as described in this manual, and in the proper sequence is critical to project success. The typical project delivery process for capital improvement projects is shown in *Figure 1* below.

This manual is written as concisely as possible and is crafted to maximize communication among the Component, System, the Chancellor and the Board in order to minimize “surprises”; therefore, the responsibilities and procedures contained herein are considered System policy. This manual does not describe how to plan, design, construct or operate a facility.

The Typical Texas State University System Capital Improvement Project Delivery Process

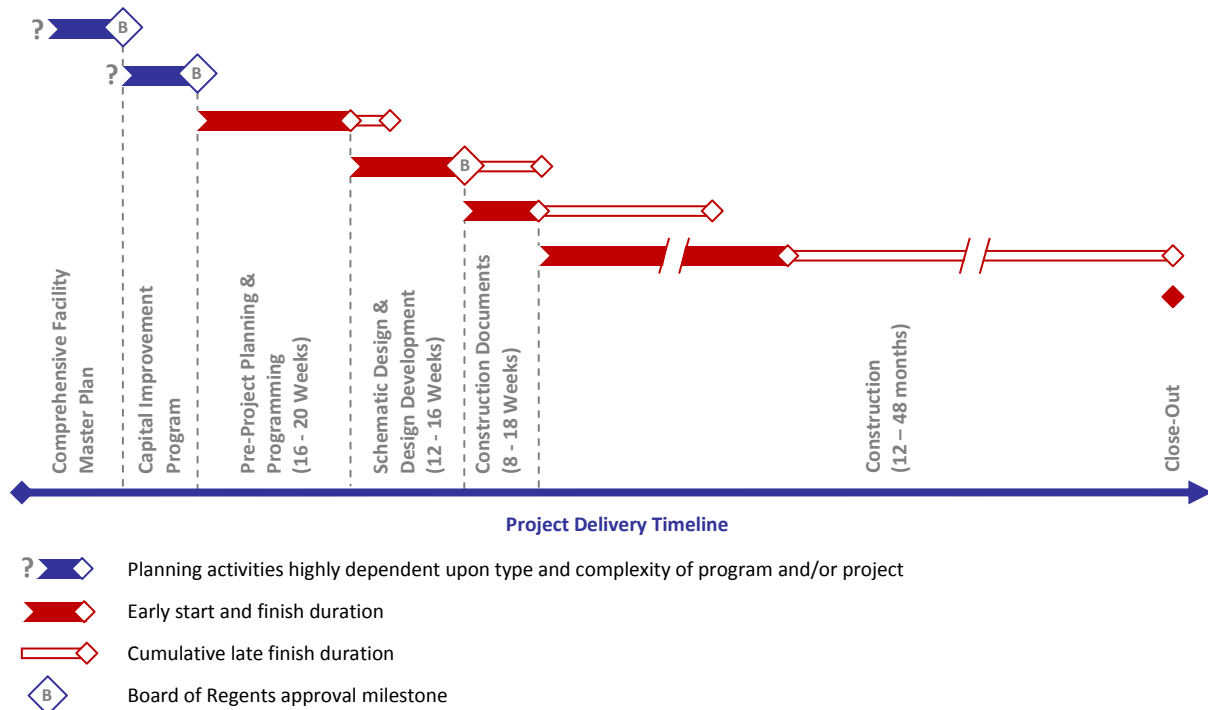


FIGURE 1

When revisions are issued, the Component is responsible for reading, understanding, updating, and implementing the procedures described herein. Any requests to deviate from the described procedures herein must be submitted to the Vice Chancellor for Contract Administration for approval.

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As a supplement to this manual, the Office of Contract Administration has developed and will continue to develop an eManual to store electronically additional guidelines, forms, letters, documents, checklists, contracts, worksheets, and standard process maps. The eManual will be made available to all Component staff. All forms, checklists, contracts and similar items will be made available on e-Builder.

SECTION 1: CAPITAL PROJECT DELIVERY PROCESS OVERVIEW

- 1.1 System capital projects are approved and controlled by the VCCA through the following six actions, and as described below:
 1. Comprehensive Facility Master Plan
 2. Capital Improvement Program
 3. Pre-Project Planning and Programming
 4. Design and Construction Services Procurement
 5. Design Development Approval
 6. Contract Administration

Comprehensive Facility Master Plan

- 1.2 Each Component is responsible for developing a ten year *Comprehensive Facility Master Plan* (Master Plan), a *Capital Improvements Program*, and a set of projects, and for obtaining the necessary funding and approvals from appropriate department heads, provosts, campus planning and space councils, and business affairs officers.
- 1.3 The master planning process is critical to the future of every Component and results in guidance to executives for the prioritization and selection of capital projects that may be considered for recommendation to the Board for approval.
 - 1.3.1 Once the Component's Master Plan is approved, comprehensive strategic or campus wide programming can begin.
- 1.4 Refer to *Section 3.3: Comprehensive Facility Master Plan* below, *The Texas State University System Rules and Regulations*, Chapter I, Paragraph 6.5 and the eManual for additional information regarding the master planning process.

Capital Improvement Program

- 1.5 Each Component is responsible for developing, maintaining and submitting to the Board, through the VCCA, an up-to-date six year *Capital Improvements Program* (CIP) that encompasses the capital projects that are needed to preserve, enhance and add to the facilities assets in alignment with the Component's approved Strategic Plan (not included in this manual) and Master Plan.
 - 1.5.1 The CIP includes scope, schedule, funding and Total Project Cost (TPC) of all Component projects regardless of who has delegated authority to manage the work.
 - 1.5.2 The TPC is defined as all costs including programming, design, site acquisition, site development, facilities, furnishings, furniture and equipment, operational warranties and any other costs identified to meet the project's requirements as approved by the Texas Legislature, The Texas Higher Education Coordinating Board and the TSUS Board of Regents.,

- 1.5.3 Projects shall be submitted separately, or for smaller projects (less than \$1 million) may be combined into a single aggregated project.
- 1.6 Refer to *Section 3.4: Capital Improvement Program* below and the eManual for additional information regarding the CIP process.

Pre-Project Planning and Programming

- 1.7 Effective project planning is required to assure success. It provides a basis for action for the Component, User(s) and project team. Managing needs and requirements along with the ever-competing constraints of time, money, resources and risk is critical to effective delivery. During the pre-project planning phase the Component must review and evaluate several factors to develop an appropriate and realistic project execution plan in order to deliver the project successfully and meet the expectations of the stakeholders. These include:
- Collecting needs and requirements
 - Defining the scope, quality and work breakdown structure
 - Defining the activities and their sequence
 - Estimating activity resources and durations, including roles, responsibilities and an overall staffing management plan
 - Estimating costs and determining an appropriate budget
 - Estimating a project schedule
 - Identifying risks and establishing a communication plan
- 1.8 While the pre-project planning process will consider many alternatives, its goal is to create a specific project plan of action and activities that will be carried out in the future. Pre-project planning ensures that:
- 1.8.1 Adequate project information is documented and approved by the Component, including the Component's project specific needs, prior to requesting approval from Board in the CIP.
- 1.8.2 Component executives confirm that the project is financially feasible, establishes realistic objectives and requirements, and identifies critical decisions and assumptions. All of these will lead the project team through the programming and design process.
- 1.9 Contact the VCCA for additional assistance and refer to *Section 4: Pre-Project Planning & Programming* below and the eManual for additional information regarding the planning and programming process.

Design and Construction Services Procurement

- 1.10 System and the Component procure design and construction professionals for each specific project to create a set of design documents and execute the construction process.
- 1.10.1 Refer to *Section 5: Design & Construction Services Procurement* below and the eManual for additional information.

Contract Administration

- 1.11 The System's goal for every System project is to develop and maintain a reputation for decisive leadership, sound knowledge, consistency, firm interpretations of contract documents, professionalism and fairness throughout the life of a project among design professionals, contractors, and other service providers.
- 1.12 The general purpose of a contract is to clearly identify the risks and responsibilities of each party. Effective contract administration provides a foundation for responsible decision making by System and the Component.
- 1.12.1 The VCCA is responsible for promulgating, negotiating, approving and overseeing all design and construction related contracts and any changes thereto. The VCCA is also responsible for certain interactions related to approvals to milestones in document development, Board of Regents Design Development packaging as well as approval to the Guaranteed Maximum Pricing as well as the final authority on the buy out values associated with a project.
- 1.12.2 The Component is responsible for:
- Executing the project, including managing all terms and conditions within the respective limits of authority.
 - Leading, administering, coordinating, reviewing and approving all design phase activities and documents.
 - Reviewing and approving all project related payments.
 - Leading, administering and inspecting the construction process through kick-off meetings, periodic project meetings, inspections, commissioning, final acceptance and administration of warranty and its associated milestones.
 - Coordinating the scheduling, training, acceptance, and operation of facility with the Component and user representatives.
- 1.12.3 Refer to *Section 7: Contract Administration and Section 8: Close-Out* below and the eManual for additional information.

SECTION 2: PROJECT AUTHORITY

The Board of Regents

- 2.1 The Board of Regents governs the System and its Components and has delegated to The Planning and Construction Committee the primary responsibility for making recommendations to the Board regarding the planning, design, construction, maintenance, and use of System and Component buildings and other physical facilities.
- 2.1.1 The Planning and Construction Committee is authorized to make recommendations to the Board to approve all project requests with a Total Project Cost of **\$4,000,000** and greater.

- 2.1.2 The Board is authorized to approve all indefinite quantity services contracts—including but not limited to job order construction contracts, contracts for architectural and/or engineering services, and consulting contracts, equal to, or greater than **\$1,000,000** (\$2,000,000 in the case of job order construction contracts).

The Chancellor

- 2.2 The Chancellor is the chief executive officer of the System. The Chancellor reports to, and is responsible to, the Board and has direct line responsibility for all aspects of the System's operations assistance from the System's Vice Chancellors.

Projects

- 2.2.1 The Chancellor is authorized to approve all project requests with a Total Project Cost of less than **\$4,000,000**, and all related project changes.
- 2.2.2 After Board Design Development approval, the Chancellor is authorized to increase or decrease the cumulative value of the Total Project Cost up to **5%** (new) or **8%** (renovation). Requests for increases of greater amounts are approved by the Board.
- 2.2.3 The Chancellor is authorized to make a determination based on the needs of a specific project or component that it is appropriate for project management services to be provided by a third party under contract to the System, and to procure, conclude and administer such contracts. To the extent services normally provided by Component personnel are to be provided by the third party, references in this Manual to the Component shall be deemed to refer to the third party project manager. Refer to the eManual for guidance as to the responsibilities of Component personnel in projects with third party project management.

2.2.4

Contracts

- 2.2.5 The Chancellor is authorized to approve all design and construction contracts.
- 2.2.6 The Chancellor is authorized to approve all indefinite quantity services contracts—including but not limited to job order construction contracts, contracts for architectural and/or engineering services, and consulting contracts, with a total potential contract amount of less than **\$1,000,000** (\$2,000,000 in the case of job order construction contracts).

The Vice Chancellor for Contract Administration

- 2.3 The Vice Chancellor for Contract Administration (VCCA) is responsible for contract management and administration of System and Component planning, design, construction, maintenance, and use of buildings and other physical facilities, including, but not necessarily limited to, long-term planning and construction and administration of policies in the subject area. The VCCA performs duties under authority delegated by the Board through the Chancellor.

- 2.3.1 The VCCA is authorized to approve all design contract changes.

- 2.3.2 The VCCA is authorized to approve all individual construction contract changes valued at **\$25,000** or more and all cumulative contract changes up to **5%** of the Total Project Cost for new projects and up to **8%** for renovation projects.
- 2.3.3 The VCCA is authorized to issue work authorizations and notices to proceed to design and construction professionals for programming, Schematic Design, Design Development, Construction Documents, Pre-Construction and Construction services.
- 2.4 The VCCA is authorized to further delegate any of the authorities listed above as deemed reasonable and necessary.
- 2.5 The VCCA has the authority to waive the application of any provision of these Policies and Procedures with respect to a particular project upon written request by the component, except to the extent compliance is required by applicable law or the System's Rules and Regulations.

The President

- 2.6 The Chancellor has delegated to the President the authority to plan, design and construct projects listed on the approved Capital Improvement Program for projects with a Total Project Cost of less than **\$1,000,000**, without further approvals from the Chancellor or the System.
 - 2.6.1 Due to the resources required to manage alternative delivery methods, Components shall use Hard Bid (i.e. lowest responsible bid) or Competitive Sealed Proposals delivery methods for all projects. Any requests to use Construction Manager-At-Risk, Design-Build or any other project delivery method shall require written approval from the VCCA. Job order contracting may be used on projects that are within authority delegated to the President, primarily on projects consisting of minor renovation and alterations to existing facilities, or other repetitive projects with simple scopes.
 - 2.6.2 Components shall use contract forms and documents as promulgated and approved by the VCCA.
 - 2.6.3 Components shall follow the *TSUS Rules and Regulations*, these Policies and Procedures, and applicable state law including but not limited to Education Code, Chapter 51; Government Code, Chapter 2155 ; Government Code, Chapter 2254 ; Occupations Code, Chapters 1001 (Engineers),1051 (Architects),1052 (Landscape Architects) and 1053 (Interior Designers).
 - 2.6.4 Components shall report to the VCCA quarterly on a standard format developed by the Office of Contract Administration the scope of services, the current contract amounts and the duration of services for all active Component projects (including indefinite quantity contracts).
 - 2.6.4.1 An active project is defined as any project where the Component has submitted a *Statement of Initiation* and received approval from the VCCA, but has not closed-out the design or construction contracts, plus all current indefinite quantity design, construction or consulting contracts
 - 2.6.5 Components shall not fund separate smaller projects in stages or increments in order to avoid the delegated authority limits.

- 2.7 The President is authorized to approve all indefinite quantity services contracts, including but not limited to job order construction contracts, contracts for architectural and/or engineering services, and any other consulting contracts less than **\$500,000** (\$1,000,000 in the case of job order construction contracts).
- 2.8 The President is authorized to approve all non-unilateral individual construction contract changes valued at less than **\$25,000** and all cumulative contract changes up to **5%** of the Total Project Cost for new projects and up to **8%** for renovation projects.
- 2.9 The President is authorized to review and approve all Historically Underutilized Business (HUB) Good Faith Efforts, Subcontracting Plans and payments.
- 2.10 Unless specifically stated otherwise, and except as provided in Section 2.2.3, all other responsibility and authority for the delivery of capital projects has been delegated to the Component.
- 2.11 The President is authorized to further delegate any of the authorities listed above as deemed reasonable and necessary.

Project Expenditures

- 2.12 Project approval in the Capital Improvement Program constitutes Board authority for the Chancellor to execute, and the Component to expend up to **4%** of the Total Project Cost (TPC) to select the project design professional, conduct surveying and investigation (including some demolition), pre-project planning and programming, Schematic Design and Design Development. Such expenditures shall not include, major demolition, procurement of equipment, Construction Documents, or other similar items.
 - 2.12.1 If **4%** proves insufficient based on unique requirements of the project, the Chancellor may approve an exception to exceed that amount based on a specific request from the Component via the VCCA.
- 2.13 Project approval at Design Development (DD) constitutes Board authority for the Chancellor to execute, and the Component to expend up to **100%** of the Total Project Cost to complete Construction Documents and execute the Construction Phase.

Contracts

- 2.14 The VCCA administers programming, design and construction contracts; however, the Component administers all other contracts and purchase orders, and leads the project, including conducting meetings, facilitating receipt and incorporation of user needs and requirements into the design documents, and reviewing and commenting on design submittals.
- 2.15 The VCCA acts as the Owner's Designated Representative (ODR) and the Component acts as the Owner's Designated Site Representative (ODSR), both as defined in the contract.
 - 2.15.1 The ODR delegates authority to the ODSR to execute Substantial Completion Certificates.

Section 3: Project Approvals

3.1 All System capital improvement projects require various approvals, as mandated by the Board, the Chancellor and the VCCA throughout the project delivery process. Securing each of these required approvals provides the President, the Chancellor and the Board:

3.1.1 A perspective on where the project stands within the delivery timeline;

3.1.2 Assurance that the Component is maintaining various levels of compliance during the project delivery process;

3.1.3 Assurance that the project design team is adhering to the approved project program and the architectural theme and vision established in each Component's master plan.

3.2 The overall project delivery approval process is shown in *Figure 2*.

Comprehensive Facility Master Plan

3.3 The procedure for the preparation and approval of a *Comprehensive Facility Master Plan* is as follows. Refer to the *eManual* for additional guidance. Also note that the President establishes a Master Plan Committee pursuant to Chapter I, paragraph 6.5 of the *TSUS Rules and Regulations*.

3.3.1 The Component and VCCA procure master planning services.

3.3.2 The Component, VCCA and master planner schedule appropriate meetings.

3.3.3 The Component, VCCA and master planner schedule at least one interim briefing for the Planning and Construction Committee, prior to the meeting at which the Board will be asked to approve the Component's Master Plan.

3.3.4 A draft of the proposed final Master Plan shall be submitted by the Component to the VCCA at least eight (8) weeks prior to the Board meeting for review and comment.

3.3.5 Upon approval from the VCCA, the Component shall submit thirteen (13) copies of the final Master Plan to the VCCA at least four (4) weeks prior to the Board meeting.

3.3.6 The master planner presents the proposed master plan to the Board, with support and assistance from the President and the VCCA.

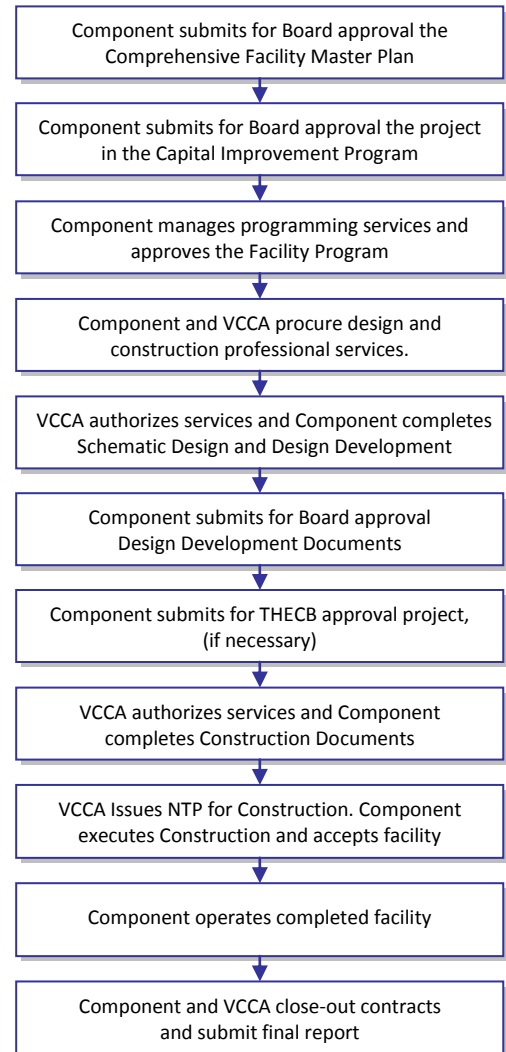


FIGURE 2

- 3.3.7 Should the Component desire to update a current Master Plan, the Component shall notify the VCCA in writing of the proposed scope of the update and the proposed process and timeline for the preparation and delivery of the update. The VCCA shall determine whether the process outlined in sections 3.3.3 through 3.3.5 above shall apply to the update, based on the scope of the proposed update. In any event, the proposed update shall be presented to the Board as provided in paragraph 3.3.6.

Capital Improvement Program

- 3.4 The procedures for the preparation and approval of the Capital Improvement Program (CIP) are as follows. Refer to the eManual for additional guidance.
- 3.4.1 The VCCA begins the process on or before **February 1** of each year by sending out submission instructions to each Component describing schedule, process and forms required to gather all the information needed to update the CIP.
- 3.4.1.1 Submission instructions will include the *Project Planning Form (PPF)*, which the Component is required to submit for each project (or aggregated group of projects) that it proposes to add to the CIP, and for each existing CIP project that it wishes to amend.
- 3.4.2 Components submit their completed PPF forms through e-Builder at least **eight (8) weeks** prior to the Board meeting for review and comment.
- 3.4.3 The Vice Chancellor for Academic Affairs (VCAA) evaluates and reviews the proposed projects with a particular view to the project scope, budget and funding, and may consult with the Component concerning the need for a particular project. Further refinements of the project may be made as a result of this review process that focus on:
- Whether there is sufficient justification for the project;
 - Whether the project is consistent with the mission and strategic plan of the Component;
 - Whether the proposed projects are already included, have been omitted or removed in the CIP;
 - Whether the project funding is adequate and achievable. In particular, the level of commitment of any proposed gift pledges on which the success of the project may depend.
- 3.4.4 For each such project initially submitted, and based on the information provided in the PPF and the review process, the VCCA establishes the Total Project Cost (TPC) using the average cost figures from the Texas Higher Education Coordinating Board (if available), including any adjustments for escalation.
- 3.4.4.1 This process ensures that the source of the estimate is known, but it does not preclude the Component from adjusting the TPC set forth in the CIP during the early phases of design or at Board Design Development approval.
- 3.4.5 Once the submissions are reasonably complete, the draft CIP is forwarded to the VCAA and the Vice Chancellor for Finance (VCF) for review and comment.

- 3.4.5.1 The VCAA reviews all proposed projects relative to the mission, vision and strategic plan of the Component.
- 3.4.5.2 The VCF reviews all proposed projects to be funded in part, or in whole, with System Bond proceeds. This review focuses on the impact of the proposed debt issuance on the System's bond ratings, and on the Component and System's ability to service the debt.
- 3.4.6 Upon approval by the VCAA, VCF, and VCCA, a draft of the proposed CIP is sent to the Component for review and final comment.
 - 3.4.6.1 Components shall submit their comments to the VCCA within one (1) week after receipt of the draft.
- 3.5 Once the submissions are complete, the draft CIP is forwarded to the Chancellor for review, comment and approval.
- 3.6 The complete proposed CIP is then scheduled and presented by the VCCA to the Planning and Construction Committee and ultimately to the Board for adoption.
 - 3.6.1 The Component's CIP is reviewed, revised and approved annually by the Board to achieve the Strategic Plans of the Board and to accommodate known funding limitations on a year-by-year basis.
 - 3.6.2 After the completion of programming and/or Schematic Design, the Component shall update the PPF and amend the CIP at the next annual update to reflect the current scope, schedule and cost of the project.
 - 3.6.3 The CIP is approved at the May Board meeting.

Capital Improvement Program - Interim Updates

- 3.7 The Component may request the addition of a project to the CIP at any regular or called meeting of the Board, but only if the new project is to be initiated in the current fiscal year.
 - 3.7.1 The process for submission and approval is the same as the CIP submission process described above, except the submission deadlines shall follow the normal deadlines for agenda items for the quarterly Board meeting at which the projects are proposed for addition to the CIP.

Design Phases

- 3.8 Prior to completion of each major phase of design (Schematic Design, Design Development and Construction Documents), the Component shall confirm that all design requirements reconcile with the program and the Total Project Cost. The VCCA will provide overview of this process and comment and subsequently confirm each phase.
 - 3.8.1 When the documents are acceptable, the VCCA will issue an authorization letter to the design professional to continue to the next phase of design or a notice to proceed for construction letter to the contractor to start pre-construction or construction activities.

- 3.8.2 Refer to *Section 6: Project Reporting & Design Oversight Reviews* below for additional VCCA requirements.

Design Development

- 3.9 The procedure for the preparation and approval of a project at Design Development (DD) is as follows. Refer to the *eManual* for additional guidance and documents.
- 3.9.1 The Component begins the process by submitting a complete DD approval package to the VCCA at least **four (4) weeks** prior to the appropriate quarterly Board meeting for review and comment. The DD package shall conform to the requirements set forth in Attachment B, which is included in the forms library maintained by the VCCA.
- 3.9.1.1 Note: The DD approval package is in addition to the Design Development documents that are submitted to the VCCA for review and approval.
- 3.9.2 The VCCA evaluates and reviews the project with a particular view to the scope and Total Project Cost (TPC).
- 3.9.3 Once the submissions are reasonably complete, the draft DD submission is forwarded to the Vice Chancellor for Academic Affairs (VCAA) and the Vice Chancellor for Finance (VCF) for review and comment.
- 3.9.4 Upon review by the VCAA, VCF, and VCCA, comments are submitted to the Component and design professional to generate a final submittal.
- 3.9.4.1 The Component submits the final package to the VCCA at least **sixteen (16) days** prior to the Board meeting.
- 3.9.5 Once the submissions are complete, the DD submission package is forwarded to the Chancellor for review.
- 3.9.6 The complete proposed DD package is presented to the Planning and Construction Committee and ultimately to the Board for approval.
- 3.9.6.1 The VCCA presents the project with the Component's representatives and, if desired, the design team available for questions.
- 3.9.7 If the project is funded, either in whole or part, by bond proceeds, the project must also be approved by The Texas Bond Review Board.

Texas Higher Education Coordinating Board

- 3.10 After approval by the Board, and before any construction activity may commence, all projects with a Total Project Cost (TPC) of at least **\$4,000,000** and greater, and certain other projects as specified in THECB administrative rules, must receive approval from the Texas Higher Education Coordinating Board (THECB) based on several basic requirements and standards as defined by THECB (e.g., space usage, efficiency, and cost).
- 3.10.1 The Component prepares and submits the THECB's Board of Regents Certification form to the VCCA for the Chancellor's signature. The form is signed by the Chancellor upon Board of Regents approval of the project, and is delivered by the VCCA to the THECB.

- 3.10.2 The Component completes the electronic THECB project application with assistance from the design team and submits it online through the THECB's online Campus Planning System.
- 3.10.3 The VCCA reviews and edits the application online and either returns it to the component for further editing or submits it to the THECB.
- 3.10.4 If a presentation is required, the design team prepares the presentation materials and the VCCA and Component make the presentation to the Coordinating Board or its Strategic Planning Committee, as appropriate.
- 3.10.5 THECB Commissioner, Committee or Board approves the project.
- 3.11 The Component shall submit an application for re-approval to the THECB if the TPC increases by more than **10%**, if the funding sources for the project change, or if re-approval for any other reason is required by THECB rules.

Section 4: Pre-Project Planning & Programming

- 4.1 To start a project other than projects that have been delegated to the President's authority under section 2.6, the Component shall submit a *Statement of Project Initiation* to the VCCA, which includes a request by the Component to procure programming services.
- 4.2 All project programming shall be performed by the following consultant under an umbrella contract with the System Office. This contract expires on August 31, 2013. The Component shall consult with the VCCA after that date to ascertain the contracted consultant.

Facility Programming and Consulting, Ltd.

Attention: Doug Lowe
100 West Houston Street, Suite 1100
San Antonio, Texas 78205
Phone: (210) 228-9600
e-mail: douglowe@facilityprogramming.com

- 4.3 The VCCA authorizes the Component to negotiate scope and fee for programming with the System pre-approved programming firm or other firm as approved by the VCCA.
 - 4.3.1 To promote the programming effort and to avoid a conflict of interest, consultants who provide programming services will not be permitted to provide design services for the project. The VCCA has published a Policy Regarding Participation by Consultants and Subconsultants in Project Programming to address compliance with Section 2155.004 of the Texas Government Code. This policy is available from the VCCA's forms library.
- 4.4 The Component initiates, leads and administers the programming effort, including establishing well defined scope, schedule and budget information.
- 4.5 The Component shall submit the final draft copy of the program to the VCCA for review and comment.

- 4.6 When scope, schedule, cost and funding are all in agreement and approved by the President, the Component’s President shall approve the Program and submit a copy to the VCCA.
- 4.7 If at any time during the programming process, the project scope (measured by gross square footage) or the estimated Total Project Cost increases by more than **10%** from the information provided in the approved Capital Improvement Program, the Component shall submit an amended *Project Planning Form* through e-Builder updating the project information for approval and adoption by the Board.

Section 5: Design & Construction Services Procurement

5.1 The System procures the services of design and construction professionals on behalf of the Component for all capital projects other than those delegated to the Component President pursuant to Section 2.6. The following section describes System’s requirements for selecting a design professional and a contractor for the Competitive Sealed Proposals (CSP), Construction Manager at Risk (CM-R) and Design-Build (DB) project delivery methods. In general the process follows the following steps and is summarized in *Figure 3*:

- Appoint the selection committee
- Issue and evaluate the Request for Qualifications (RFQ)
- Issue and evaluate the Request for Proposals (RFP)
- Conduct interviews
- Recommend appointment or award
- Negotiate and approve the agreement

5.2 The Component requests initiation of the contract procurement process by providing a point-of-contact, a project description and a schedule, with key milestone dates to the VCCA.

5.2.1 Per *Texas Government Code 2254.003*, design professionals shall be selected on the basis of demonstrated competence and qualifications to perform the required services, and not on the basis of competitive bids or proposals.

5.2.2 Per *Texas Education Code 51.776 – 51.785*, Design-Builders are selected through a two-step process, contractors procured through Competitive Sealed Proposals are selected through a one-step process, and Construction Managers-at-Risk are selected through a one or two-step process, all of which include the submission of competitive bids or proposals.

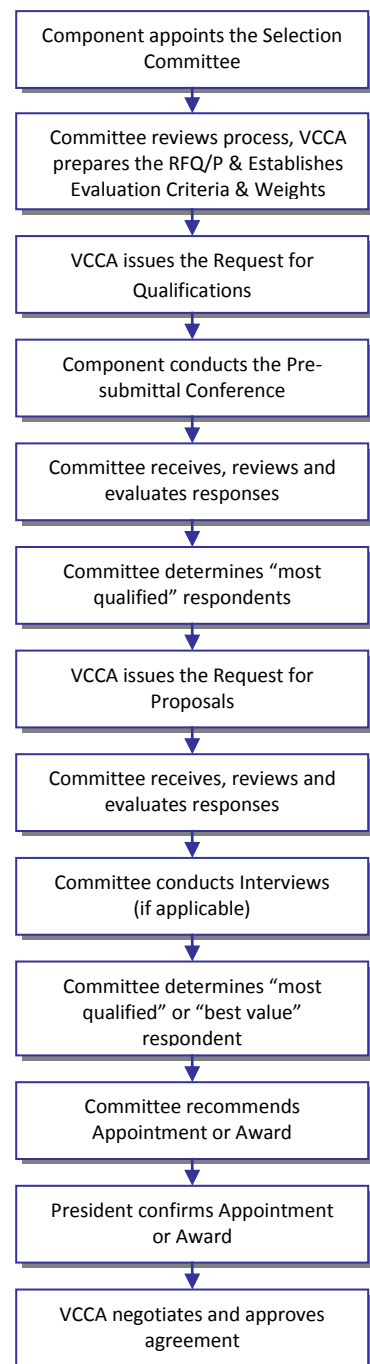


FIGURE 3

- 5.2.3 Note: *Each Component shall make a good faith effort to distribute the work and avoid the perception of always selecting the same one or two design and/or construction professionals for all of its major projects.*

Appoint the Selection Committee

- 5.3 The Component appoints the selection committee members as approved by the President or his/her delegate.
- 5.3.1 Committee members shall represent a broad understanding of the project, including the Component's needs, requirements, and the design and construction process.
- 5.3.2 The number of Component committee members is at the Component's discretion.
- 5.3.3 The VCCA, or his designee, may participate as a voting member in the selection process if deemed advisable.

Issue the Request for Qualifications (Design Professional, CM-R and DB Selection Only)

- 5.4 The VCCA publishes the RFQ through the Electronic State Business Daily (ESBD) in accordance with Texas law.
- 5.4.1 The Component convenes the appointed committee in a pre-RFQ preparation meeting to review the standard procedures and documents related to the RFQ, RFP, interviews, and overall selection process.
- 5.4.2 Design professionals are selected in one (1) step process, plus an interview.
- 5.4.3 Contractors selected through CM-R or DB CSP are selected in a two (2) step process, with an interview. However, under special circumstances CM-R can be selected through a one step process with an Interview.
- 5.4.4 Contractors selected through CSP are selected in a one (1) step process, with no interview. For CSP, skip to Issue Request for Proposals below.
- 5.5 In the case of a design professional or Design-Build contractor, the Component shall provide any special performance criteria and associated weights to the VCCA prior to preparation of the RFQ.
- 5.6 The Component shall conduct any Pre-Submittal Conference at the time and location identified in the RFQ or RFQ/P.
- 5.6.1 The Component forwards any questions submitted by potential respondents with applicable answers to the VCCA to determine the need to issue an addendum through the ESBD.

Accept and Evaluate RFQ Responses

- 5.7 The Component accepts all responses to the RFQ at the advertised location until the advertised deadline, and coordinates the Historically Underutilized Business (HUB) Subcontracting Plan due date with the appropriate Component HUB coordinator.

- 5.7.1 The Component is responsible for preparing the evaluation team to understand properly and evaluate the responses.
- 5.7.2 The Component's HUB office is responsible for the review and approval / disapproval of each response in such a way that it does not delay the process.
- 5.7.3 Qualifications received after the deadline shall not be considered by the committee.
- 5.7.4 The Component shall forward one (1) additional copy of all responses to the VCCA for record.
- 5.8 The committee evaluates the responses independently, within **fifteen (15) calendar days**, using the criteria and questions established in the RFQ.
- 5.9 After the committee completes their individual evaluations and rankings, the committee meets to discuss the qualifications, consolidate, and collect for record the rankings. The respondents with the best average rankings shall be deemed the "most qualified" and eligible for the next step in the process.
 - 5.9.1 No more than five (5) respondents may be selected to submit additional information and to interview for final selection.

Issue the Request for Proposals (CM-R, CSP and DB Selection Only)

- 5.10 The VCCA publishes the RFP through the Electronic State Business Daily (ESBD) in accordance with Texas law. Immediately thereafter, the Component completes any required reporting of the solicitation to the Legislative Budget Board (LBB).
- 5.11 The Component convenes the appointed committee in a pre-RFP preparation meeting to review the standard procedures and documents related to the RFP and overall selection process.
 - 5.11.1 Per the Texas Professional Licensing Act and the Texas Government Code, design professionals shall not submit proposals for services. For Design Professionals, skip to Interview below.
 - 5.11.2 All RFPs shall require the respondents to submit two (2) separately sealed responses, one containing the qualifications and the other containing the proposal.
- 5.12 **For CSP Only:** The Component shall conduct any Pre-Submittal Conference at the time and location identified in the advertised RFP.

Accept and Evaluate RFP Responses

- 5.13 The Component accepts all responses to the RFP at the advertised location until the advertised deadline, and coordinates the Historically Underutilized Business (HUB) Subcontracting Plan due date with the appropriate Component HUB coordinator.
 - 5.13.1 Proposals received after the deadline shall not be considered by the committee.
 - 5.13.2 All responses that have a proposal / bid shall be submitted as two packages: one for qualifications to be reviewed by the committee, and the other to be sent by the

Component to VCCA for public opening at Office of Contract Administration in Austin at a separate day and time.

5.13.3 The Component shall evaluate the qualifications upon receipt; however, the VCAA will add the proposal to the Component’s evaluation worksheet to finish the process as described below.

5.13.3.1 The weight assigned to the financial terms of the proposal shall not be less than **40%** and not greater than **70%**.

5.13.3.2 **For CM-R and DB:** Scoring of the proposals are based on the total of all preconstruction and construction phase fees and general conditions relative to the lowest total proposal amount submitted by the respondents. See below for an example.

5.13.3.3 **For CSP:** Scoring of the proposals are based on the total of the base bid plus any Component accepted alternates relative to the lowest total proposal amount submitted by the respondents. See below for an example.

5.13.3.4 For scoring purposes, the lowest proposal amount shall receive a "10," while each remaining proposal score is reduced proportionally as compared to the lowest proposal. An example is shown below:

Respondent	Proposal Amount	Difference Amount	% Reduction	Score
Lowest	\$1,000,000	\$0	0.0%	10.0
2nd Lowest	\$1,100,000	\$100,000	10%	9.0
3rd Lowest	\$1,250,000	\$250,000	25%	7.5
4th Lowest	\$2,000,000	\$1,000,000	100%	0.0
Highest	\$2,500,000	\$1,500,000	100%	-5.0

5.13.4 The Component shall forward one (1) additional copy of all responses to the VCCA for record.

5.14 Each committee member evaluates the responses independently, within **fifteen (15) calendar days**, using the criteria and questions established in the RFP.

5.15 After the committee completes their individual evaluations and rankings, the committee meets to discuss the proposals, consolidate, and collect for record the rankings. The respondents with the best average ranking shall be deemed the “best value” and eligible for the next step in the process, if applicable.

Interviews (Design, CM-R, and DB Selection Only)

- 5.16 Following a discussion of the RFQs and/or RFPs, a short-list of respondents to interview is determined by the selection committee and communicated to the VCCA. The VCCA notifies the short-listed respondents of the interview date, time and location.
- 5.16.1 The interview is to allow each short-listed respondent to answer questions developed by the committee in light of the responses provided in the RFQ and/or RFP. The interview is not a separate scoring criterion.
- 5.17 The Component chairs the committee through the interview process.
- 5.18 Once the final interview is complete, the committee confirms the evaluations and determines a final ranking. The scores assigned to each respondent in the evaluation of the RFQ and/or RFP shall not be considered at the interview stage, and all short-listed firms begin the interview process on an equal footing. The grading of each interviewee shall be based on a numbering system based on the number of shortlisted firms. Each interviewer shall rank the short-listed firms 1, 2, 3 and so forth, where 1 is the best ranking. The respondent receiving the lowest total score is the top-ranked respondent.

Recommend Appointment or Award

- 5.19 The Component prepares and sends to the VCCA electronically a written request that the System award a contract to the top-ranked respondent. The request shall include a brief summary of the RFQ, RFP, and interview process, a brief description of the chronology of the selection process, and a final tally of the rankings.

Negotiate and Approve Agreement

- 5.20 The VCCA notifies the "most qualified" or "best value" respondent of its selection and proceeds to negotiate the contract, including scope of services and fee.
- 5.20.1 After receipt and approval by the System Office of evidence of insurance, the VCCA will issue the *Authorization to Commence Services* or *Notice to Proceed*.
- 5.20.2 The unsuccessful respondents will then be notified of their non-selection by the VCCA.
- 5.20.3 Upon completion of negotiations, VCCA drafts and issues contract.
- 5.20.4 The VCCA notifies the Component of contract issuance, and the Component completes any required reporting of the contract to the LBB.
- 5.21 The VCCA administers the contract. Any amendments to the contract will be negotiated by the VCCA in consultation with the Component.
- 5.21.1 The Component manages the design and construction professional per the terms of the agreement.

Section 6: Project Reporting & Design Oversight Reviews

Project Reporting

- 6.1 Each Component shall submit a quarterly report on the TSUS Summary Report Form to the VCCA for all active projects with a Total Project Cost greater than **\$1,000,000** which have been initiated, but which have not achieved Final Completion (as defined by the Uniform General Conditions).
 - 6.1.1 The report shall include the status of a project in terms of budget, scope and schedule, and shall be reported on a periodic basis to the Chancellor and Board via the VCCA.
 - 6.1.2 Approval status by the President, VCCA, Chancellor, Board and any state or federal agencies
 - 6.1.3 Standard project report formats are developed and controlled by the VCCA and are available in the VCCA's forms library.
 - 6.1.4 The Component shall advise the VCCA if, at any time during design or construction, a change in project scope (as defined by the approved program) and/or additional design or construction services is anticipated.
 - 6.1.4.1 Such notifications shall be made prior to the performance of additional services execution of the changes in scope.
 - 6.1.4.2 Any amendment to a contract will be negotiated by the VCCA in consultation with the Component.

Design Oversight Reviews

- 6.2 The Component is responsible for the overall project delivery process, while the VCCA is responsible for project oversight and contract administration.
- 6.3 For all phases of Schematic Design, Design Development and Construction Documents, the Component shall transmit all deliverables from the design professional (as defined in the agreement), including plans, specifications, estimates, schedules, constructability and basis of design documents to the VCCA for review and comment.
 - 6.3.1 The Component shall consolidate all programmatic and design review comments from the Component and the System into one document and forward it to design professional for incorporation / response and the VCCA.
 - 6.3.2 Estimates shall be in Construction Specifications Institute (CSI) 35 Division format and delivered within **two (2) weeks** of each design submittal.
- 6.4 Prior to requesting approval to continue to the next phase of design, the Component shall ensure that the scope, quantities, unit costs and construction estimate are 100% reconciled and are within the parameters of the approved program and Total Project Cost.

Section 7: Contract Administration (Payments, Changes & GMPs)

Payments

- 7.1 The Component reviews and approves all pay application requests per the agreement, and shall include:
- Component's *Voucher*
 - Application for payment with the *Schedule of Values*
 - Construction cash flow projections
 - Updated revised CPM schedule
 - Updated Submittal Schedule
 - *HSP Prime Contractor Progress Assessment Report*.
- 7.1.1 The Component shall submit the first, second and last pay application request for each design and construction contract to the VCCA for review and approval.
- 7.1.1.1 For projects with multiple stages, the Component shall submit the first and second pay application request for each separate construction stage.
- 7.1.2 After achieving Substantial Completion and as part of the final pay request, the Component shall provide the VCCA with the respective *Substantial Completion and Final Payment Checklists*, including all required backup. Refer to the System eManual for copies of the checklists.

Contract Changes

- 7.2 All contract changes shall be administered per the delegated authority specified in *Section 2: Project Authority* above.
- 7.2.1 All changes in services or to the work shall be requested in writing in a format promulgated and approved by the VCCA.
- 7.2.2 Contract change requests to the VCCA shall include written justification from the Component and be approved before the service or the work is performed; however, in exigent circumstances, the Component may request authorization to perform the service and/or work prior to approval of the additional service or change order.
- 7.2.3 All construction change directives shall be independently priced by the design team or by qualified Component personnel prior to receipt of the Contractor's pricing. This independent estimate shall be attached to the proposed Change Order.
- 7.3 Contract changes, for both design and construction services, shall not be used to expand or reduce the approved scope of the project, without approval from the VCCA.

Guaranteed Maximum Price Proposal

- 7.4 When a project is within the program, scope, budget and funding as approved by the VCCA, Chancellor and the Board, the Component may request the Construction Manager at Risk and Design-Build contractor to submit a Guaranteed Maximum Price (GMP). Prior to submission of the GMP, the Component shall verify that:

- 7.4.1 The GMP proposal is assembled in accordance with Attachment 1, Exhibit D and Exhibit F of the agreement.
- 7.4.2 The General Conditions costs and Construction Phase Fees are specifically tailored to the project.
- 7.4.3 The GMP proposal, together with documentation supporting the proposed items of cost in the GMP proposal and a current CPM schedule for the performance of construction phase services is submitted to the VCCA at least **four (4) weeks** before the proposed commencement of construction phase services.
- 7.4.4 The strategic plans for bidding the work, including the types of packages, the scope of work included in each package and a construction schedule for the implementation of each package as developed between the Component, design professional and the construction professional.
 - 7.4.4.1 Approval of the bidding strategy is required for GMP approval.
 - 7.4.4.2 When the strategy is acceptable, the VCCA will issue one Notice to Proceed to commence the overall construction duration while written approval must be obtained from the VCCA for each additional bidding package(s).
- 7.4.5 All submissions shall be made so as to provide a reasonable amount of time for the VCCA to review and comment, and for the Component to correct and resubmit.
- 7.4.6 If the project is staged, the Component may submit multiple GMPs, which will include corresponding reviews and bid packages.
- 7.4.7 Projects that include a GMP shall be subject to a financial and performance audit of the design and construction contracts. Selection of a project for audit will be made in accordance with criteria developed by the VCCA and approved by the System Internal Auditor.
 - 7.4.7.1 Audits will be conducted by third party auditors under contract to the System, under the auspices of the Internal Auditor and the review and oversight of VCCA.
 - 7.4.7.2 Audit findings shall be submitted to the VCCA and the System Internal Auditor for review, comment and distribution to the Component.
 - 7.4.7.3 Final audit reports are transmitted to external oversight entities as required by law.

E-Builder

- 7.5.1 All capital projects except those generally delegated to the President's authority under Section 2.6 or specifically delegated to the President's authority in writing shall be managed using the System's program management software, e-Builder. This means that all project documentation from the placement of the project on the Capital Improvement Program through closeout will be accomplished in or otherwise uploaded to e-Builder pursuant to

procedures implemented by the Vice Chancellor for Contract Administration and communicated to the Components.

- 7.5.2 For projects managed in e-Builder, all contractual documentation including but not limited to Notices to Proceed, Change Orders, pay application requests, and contract amendments (including GMP proposals agreed to by the System) shall be approved electronically by the person(s) authorized to do so in these Policies and Procedures, and evidence of such approval shall be legally sufficient for all purposes. The only exception to this policy is the initial contract between the Board of Regents and the Architect-Engineer, Contractor, Construction Manager-at-Risk, Design-Builder, programming consultant, third-party project manager and/or other professional, which shall be manually signed in hard copy by each party to the contract.
- 7.5.3 As a transitional matter, projects initiated prior to the implementation of e-Builder are not governed by this Section 7.5.
- 7.5.4 The Components are encouraged to utilize e-Builder for projects delegated to the President's authority but they are not required to do so.

Section 8: Close-Out

- 8.1 Both the Component and the VCCA approve the final inspections and close-out of design and construction contracts. The Component shall...
 - 8.1.1 Notify the VCCA when Substantial Completion and Final Completion inspections are scheduled, and when all design services required are complete.
 - 8.1.2 Transmit final audit reports as required by law.
 - 8.1.3 Resolve all outstanding contract changes, with no outstanding service or work items remaining.
 - 8.1.4 Provide the VCCA with executed substantial completion and final completion checklists, final payment checklist and the close-out matrix for Operation & Maintenance documents.
 - 8.1.5 Provide the VCCA with a Final Project Report to the Board per *Section 6: Project Reporting & Oversight Reviews* above.
 - 8.1.6 Conduct a one year warranty and submit to the VCCA the warranty walk letter noting all deficiencies discovered and need of correction and the subsequent follow up warranty letter when all corrections have been made. Refer to the System eManual for copies of the letters.

END OF MANUAL