

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: General Administration

NUMBER: 01.B.07

AREA: Facilities and Physical Plant

SUBJECT: Facilities Acquisition, Construction, or Renovation

1. PURPOSE

This administrative memorandum describes the procedures to be followed by all institutions governed by the University of Houston System seeking authorization to lease facilities; ~~or to~~ acquire property, ~~to~~ construct new facilities, ~~or to~~ expand, ~~or~~ renovate or repair existing ~~academic or auxiliary buildings~~ University of Houston facilities at a cost of \$~~1,0~~300,000 or more.

2. POLICY

2.1. This administrative memorandum applies to all institutions governed by the University of Houston System (UHS) including any campus, division, college/school, foundation or other UHS entity ~~requesting authorization to lease facilities; or acquire property, to construct new facilities, or to expand or renovate existing academic or auxiliary buildings at a cost of \$1,000,000 or more.~~

2.2. BOR Policy [55.01.3](#) outlines the general guidelines to be followed in negotiating, executing, and administering all contracts and related necessary legal documents and instruments not requiring board approval. ~~Projects less than \$300,000 will be reviewed and managed by the component facilities management department unless otherwise requested. Projects greater than \$300,000 will be planned, budgeted, designed, and constructed by the University of Houston System Facilities Planning and Construction (FPC) unless otherwise delegated per an approved Component Campus Project Management Approval request submitted to the University of Houston Facilities Planning department. For the UH Main Campus, all projects regardless of size or cost will be reviewed and managed by Plant Operations-Facilities Management or Facilities Planning and Construction. All projects will be governed by the policies and procedures established by these departments and more information on process and projects can be obtained by following the process outlined in the University of Houston Plant Operations Project Delivery Processes as posted on the UH web site <http://www.uh.edu/plantops/projdel/>.~~

2.3. Request for authorization to acquire or lease property, or to construct new facilities, or to expand or renovate existing academic or auxiliary buildings shall include:

- a. A needs assessment analysis

Each analysis shall clearly define the purpose of the facility and how it relates to the mission of the institution or entity.

Both degree and non-degree offerings, where applicable, must be consistent with the institution's role and scope mission statement and must comply with the guidelines for offering academic courses as set forth by the [Texas Higher Education Coordinating Board](#).

- b. Evidence of the academic programs ability to meet [Southern Association of College and Schools standards](#).

- c. For total project costs over \$1,000,000, University of Houston System Facilities Planning must be involved in the development of the needs assessment and will provide final approval.

- d. The total initial cost to acquire, lease, construct or renovate the capital asset.

- de. A five (5) year projected budget for continued operations.

- ef. Ability to establish a capital renewal fund for all new construction.

- g. For Auxiliary operations, a proforma showing that the lease, construction or renovation is supported by the expected revenue or equity-free balance.

- 2.4. ~~Prior to a needs assessment being performed, the client group must obtain discussions with client groups, preliminary investigations and discussions must be approved approval by the responsible dean or director of the division or college, and the appropriate Vice President of the component in which the project will be located, and the CFO and President of the component in which the project will be located.~~

- 2.5. Projects over \$1,000,000 shall be assigned an institutional project ranking in the submitted MP1. All project estimates used in the MP1 must be validated and approved by University of Houston System Facilities Planning.

- 2.6. Projects shall conform to the master plan for the component university campus where the project will be located.

- 2.7. All System components will record and track capital and renovation projects in plant funds.~~In addition to the general guidelines listed above, projects that have a fundraising component, including those projects under \$1 million, shall provide the following:~~

- a. A funding plan which contains: Components will establish procedures for the review and approval of cost centers and budgets to be created for capital and renovation projects to ensure appropriate designation of funding source and compliance with restrictions on funding.
- ~~Proposed specified amounts of institutional funds by category, including HEAF allocation and/or other sources (e.g., bonding).~~
 - ~~Identified fundraising prospects, gift chart and a fundraising business plan that has been approved by the Associate Vice Chancellor for University Advancement.~~
- b. An approved project scope, description of the facility, and identified naming opportunities Components will establish procedures for the regular review of funding of construction and renovation projects to help ensure that deficits are identified and appropriate modifications planned.

2.8. Funding of construction and renovation projects

- a. Construction and renovation projects funded by bonds and commercial paper proceeds, as well as the related income from investment of proceeds, must be approved by the Senior Vice Chancellor for Administration and Finance or his designee. Components will develop guidelines for the request for use of bond and commercial paper funds, including utilized proceeds and investment income.
- b. All components will identify responsibility for the collection of gifts designated for the funding of construction and renovation projects if gifts have not been fully realized and transferred to plant funds before project commencement.
- c. Components will develop guidelines to help ensure that funding sources for construction and renovation projects are identified prior to project commencement. Components will develop guidelines to help ensure that project funding that is not fully available at the commencement of the project is monitored to ensure that funding occurs as scheduled.
- d. Components will develop oversight procedures for the funding of construction, renovation and other projects by internal component loans. These procedures will include the requirement for a signed Memorandum of Understanding (MOU) and an agreed upon repayment schedule.
- e. Component departments requesting and benefitting from construction and renovation projects are responsible for cost overruns.
- f. Work on construction and renovation projects will not begin until funding commitments are agreed upon and documented.

- g. All components will define spending priorities, including the return of funds, for construction and renovation projects funded by multiple sources. Spending priorities will be based on the conditions associated with each funding source.
- 2.9. In addition to the general guidelines listed above, projects that have a fundraising component, including those projects under \$1 million, shall provide the following:
- a. A funding plan which contains:
1. Proposed specified amounts of institutional funds by category, included HEAF allocation and/or other sources (e.g., bonding).
 2. Identified fundraising prospects, gift chart and a fundraising business plan that has been approved by Vice Chancellor for University Advancement.
- b. An approved project scope, description of the facility, and identified naming opportunities.
- 2.10. All projects managed by University of Houston System Facilities Planning and Construction will follow the current Project Delivery Manual.
- 2.11. All projects must result in a complete and usable facility or improvement suitable for its intended functional purpose, meets all applicable building costs, and satisfies all State, local and University System requirements. Waivers for University System requirements may be submitted to the Facilities/Construction Management Associate Vice Chancellor.
- 2.12. Circumventing programming and approval requirements results in unauthorized incrimination and is prohibited.
- a. No project may be subdivided for reasons of circumventing programming and approval requirements.
- b. Each project must result in the user being able to perform the function purpose of the facility (or facilities).
- c. If the performance of the facility's function purpose requires improvements to other facilities, then the project must include those facility improvements.
- d. Incrementation(s) should not be confused with project phasing. Phasing is allowed under specific circumstances; however each phase shall result in a complete and usable facility.
- 2.13. The following are expressly prohibited:
- a. Subdividing repairs or construction work into multiple projects for the purpose of avoiding Board of Regents or FPC approved or notification.

b. Using in-house workforce or multiple contracts to avoid Board of Regents or FPC approval or notification. Project approvals must be obtained based upon the total project cost including all contracts, subcontracts, material purchases and in-house work.

2.14. Projects may be phased to ensure efficient use of available resources. Each phase must be complete and usable in and of itself such that the facility is left operational between phases or in the event phases are delayed or never completed. Projects shall not be phased for purposes of incrementation. (See Section 2.11.) Projects that are phased shall be reviewed and approved based on the total cost of all phases to ensure Board of Regents or FPC approval is obtained when required.

~~All requests contemplated in this policy are required to follow the process outlined in the University of Houston Plant Operations Project Delivery Processes as posted on the UH web site <http://www.uh.edu/plantops/projdel>.~~

~~2.9.— This policy is being established to determine the feasibility of projects and their priority in meeting the mission of the University of Houston System and its individual component universities and affiliated entities.~~

~~2.10.— Courses and program delivery by joint institutions shall be determined by written agreement between participating institutions and approved by the Chancellor.~~

~~2.11.— Proposals for the establishment of new off-campus centers shall be forwarded to the Board for approval.~~

~~2.12.— The System-wide Office of Plant Operations shall provide project evaluation services for the administration. These services are to be provided according to guidelines noted in the Project Evaluation Procedures manual.~~

3. REVIEW AND RESPONSIBILITIES

Responsible Party: ~~Executive Director, Facilities Management~~
~~Executive Director, Facilities Planning and Construction~~
Vice Chancellor for Facilities/Construction Management

Review: Every three years on or before March 1

4. APPROVAL

Approved: Carl P. Carlucci
~~Executive Senior~~ Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: September 7, 2011**REVISION LOG**

Revision Number	Approval Date	Description of Changes
Interim	09/10/2007	Initial interim version. This policy describes the process for gaining approval of a project which cost \$1,000,000 or more. The purpose of this MAPP is to provide a process that will fairly assess, justify, and prioritize major projects
1	01/31/2008	Applied revised SAM template to meet current documentation standards. Updated documentation numbers and revised formatting
2	09/07/2011	Applied revised SAM template and added new Revision Log. The following changes were incorporated as part of Audit Issue #AR2009-22: Revised Section 2.2 and 2.8, including addition of a web site to use for project delivery processes. Removed specified approval parties from Section 2.4. Added Section 2.5.e on the ability to establish a capital renewal fund for all new construction projects. Changed the responsible party from the AVC for Plant Operations to the Executive Directors of Plant Operations

Revision Number	Approval Date	Description of Changes
3	TBD	<p><u>Added “repair” to Section 1; changed cost from \$1,000,000 to \$300,000 or more for University of Houston Facilities. Removed information on UHS applicability for authorization to lease, acquire property, or other facility modifications in Section 2.1. Updated process for projects less than \$300,000 and greater than \$300,000 in Section 2.2. In Section 2.3.c, added project costs over \$1,000,000 require a needs assessment and final approval by UHS Facilities Planning. Added Section 2.3.G for Auxiliary operations required paperwork. Updated Section 2.4 concerning approval by the dean or director of division or college and Vice President before a needs assessment is performed. In Section 2.5, projects over \$1,000,000 receive an MP1, which must be validated and approved by UHS Facilities Planning. Updated Section 2.7 for all System components tracking and recording capital and renovation projects in plant funds; also updated Section 2.7.a and Section 2.7.b on establishing procedures for cost centers and budgets and review of funding. Rewrote Section 2.8 on requirements for funding of construction and renovation projects. Revised Section 2.9 on guidelines for projects under \$1 million with a fundraising component. Added Section 2.10 on projects following the current Project Delivery Manual. Added Section 2.11 for all project results meeting all applicable building costs and satisfying all State, local and University System requirements, with waivers being submitted to the Vice Chancellor for Facilities/Construction Management. Added Section 2.12 on circumventing programming rules and guidelines. Added Section 2.13 on prohibited actions and Section 2.14 on phased project guidelines. Changed the Responsible Party to the Associate Vice Chancellor for Facilities/Construction Management</u></p>