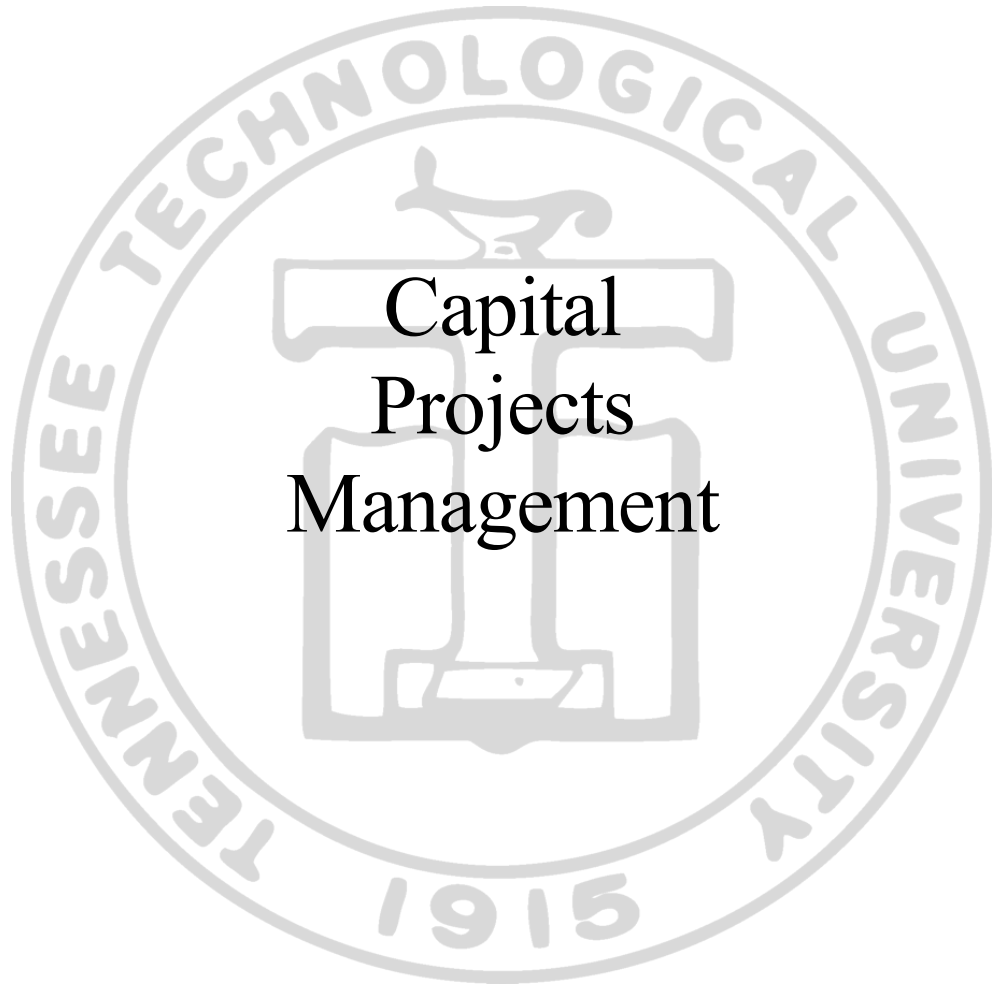


Tennessee Technological University
Policy No. 580



Effective Date: July 1, 2018

Policy No: 580

Policy Name: Capital Projects Management

Date Revised:

I. Purpose

The purpose of this policy is to establish a policy for Tennessee Tech capital projects management and facilities administration that ensures compliance with requirements, policies, and procedures of the Tennessee Higher Education Commission (THEC) and the State Building Commission of Tennessee (SBC).

II. Review

This policy will be reviewed every three years or whenever circumstances require review, whichever is earlier, by the Director of Capital Projects and Planning in consultation with the Vice President for Planning and Finance, with recommendation for revision presented to the Administrative Council and University Assembly. Revisions related to the Board's authority must be approved by the Board of Trustees.

III. Scope

This policy and related procedures apply to all capital and real estate transactions and capital projects management. This policy does not apply to locally funded, in-house projects that are less than \$100,000 and exempt from SBC jurisdiction.

IV. Definitions

- A.** "Capital Grant" is an agreement whereby the State agrees to provide funds to Tennessee Tech in order to fulfill an appropriation set forth in an annual Appropriations Bill or Bond Bill passed by the Legislature for capital outlay or capital maintenance.
- B.** "Capital Improvement", regardless of Total Project Cost and funding source (public or private funds or both), is a project on Tennessee Tech property that involves:
 - 1.** The construction or erection of new buildings or Structures, including prefabricated and modular buildings and Structures that are or will be attached to a permanent foundation;
 - 2.** The demolition of a building or structure;
 - 3.** Renovation, which means, pursuant to T.C.A. § 4-15-107 the change in the functional use or operation of space in existing buildings or structures on

Tennessee Tech property such that its occupancy changes for building code, insurance, funding, or bond purposes; or

4. A project funded in an Appropriations Bill or Bond Bill passed by the Legislature with outlay dollars, or a project funded with residual funds.

C. “Capital Maintenance” is:

1. Work meeting the definition of Major Maintenance, which means, pursuant to T.C.A. § 4-15-107, the repair or renovation of any building or Structure or any portion thereof on Tennessee Tech property that is being funded by direct appropriations for “major maintenance” or that is estimated to have a Total Project Cost in excess of \$100,000.
2. Maintenance or construction in a single building or structure, within a six (6) month period or less, and having a Total Project Cost, taking into account all contracts pursuant to which the work was performed, in excess of \$100,000 funded by sources other than capital appropriations. Normal, routine, everyday maintenance is exempt from this requirement. Guidelines for definition of normal, routine, everyday maintenance are available on the Capital Projects and Planning website, www.tntech.edu/capitalprojects.
3. A project funded in an Appropriations Bill or Bond Bill passed by the Legislature with maintenance dollars, or a project funded with residual funds.

D. “Capital Project” is any project that is a Capital Improvement or Capital Maintenance, whether overseen by Tennessee Tech or performed as a gift in place. Capital Project work will not be split into separate projects to avoid any thresholds.

E. Disclosed project requests may be submitted to THEC as needed on a quarterly calendar except projects funded by TSSBA funds, which can only be disclosed during the annual process. Disclosed projects are Capital Projects as identified in IV.D. that are not funded by the State. Typical funding sources for disclosed projects are:

1. Tennessee State School Bond Authority (TSSBA) financing (bonds or commercial paper);
2. Auxiliary plant funds from bookstore, food service, parking, health care, athletics, etc.
3. Non-auxiliary plant funds from appropriations and tuition allotted for improvement projects;
4. Land sale proceeds, applies only to work normally eligible for capital outlay funding;

5. Access fees from parking and technology;
 6. Student fees;
 7. Gifts, donations, bequests, and foundations;
 8. Local funds from city or county participation; and
 9. Federal funds from grants and matches
- F.** “Head of the Higher Education Institution” is the President of Tennessee Tech University.
- G.** “Head of the SPA” means, as to Tennessee Tech University (TTU), the Director of the Office of Capital Projects and Planning
- H.** “Higher Education Donated Property” means the fee, easement, remainder and reversionary interests in real property acquired by Tennessee Tech University by gift or devise.
- I.** “Higher Education Foundation” means the Tennessee Tech Foundation.
- J.** “Higher Education Institution” means Tennessee Technological University.
- K.** “Highway Project” means (i) a demolition of a building or structure acquired by the Department of Transportation for Highway Right-of Way; or (ii) design and/or construction of roads or bridges by the Department of Transportation in accordance with T.C.A. § 54-5-101 et seq.
- L.** “Highway Right-of-Way” means land acquired by the Department of Transportation for use in connection with roads and bridges constructed by the Department of Transportation in accordance with T.C.A. § 54-5-101 et seq.
- M.** “Interest” means an interest in real property such as a fee interest, leasehold interest (excluding work by a landlord pursuant to a lease approved by the SBC) or easement interest.
- N.** “Land Acquisition” means the acquisition of a fee, easement, or remainder interest in real property by Tennessee Tech University, except when the real property is in the Highway Right-of-Way.
- For clarification purposes, it is the express intent of the SBC that no Land Acquisition be split into separate transactions to avoid any thresholds.
- O.** “Land Disposal” means the disposal of an Interest in State Property, including an interest or right in minerals, coal, natural gas, oil, timber and any other energy related resources, by any agency, department, or institution of State government,

except for disposals by the Department of Transportation that do not need to be approved by the Commission pursuant to T.C.A. § 12-2-112(a) (8).

- P. “Land Transactions” means Land Acquisitions and Land Disposals.
- Q. “Major Maintenance” means, pursuant to T.C.A. § 4-15-107, the repair or renovation of any building or Structure or any portion thereof on State Property that is being funded by direct appropriations for “major maintenance” or that is estimated to have a Total Project Cost in excess of \$100,000.
- R. “On a Quarterly Basis” means no later than the twenty fifth (25th) day of each January, April, July, and October.
- S. “Renovation” means, pursuant to T.C.A. § 4-15-107 the change in the functional use or operation of space in existing buildings or structures on State Property such that its occupancy changes for building code, insurance, funding, or bond purposes.
- T. “State” means, the State of Tennessee and all of its agencies, departments, institutions or boards.
- U. “State Procurement Agency” or “SPA” means, as to Tennessee Tech University, Capital Projects and Planning.
- V. “State Property” means property in which the State of Tennessee or any of its departments, institutions, or agencies has an Interest.
- W. “STREAM” means the State of Tennessee Real Estate Asset Management division of the Department of General Services.
- X. “Structure” means any monument or construction attached to State Property having health, safety, and welfare regulatory considerations; requiring State Fire Marshal approval; or designed to accommodate eight or more people.
- Y. “THEC” means the Tennessee Higher Education Commission.
- Z. “THC” means the Tennessee Historical Commission.
- AA. “Total Project Cost” means the total cost of a project including, construction cost, design cost, furniture and moveable equipment, contingency, and all other hard and soft costs associated with the completion of the project. The following are not included in the “Total Project Cost”: the costs of monthly utilities; recurring, every day and routine maintenance of existing buildings, systems and grounds; telephones/network installations and relocations, except those included in the Capital Project; custodial services; and personnel and operating costs associated with the aforementioned items.

V. Policy

- A. The goal of the capital projects program is to develop and maintain physical facilities to help Tennessee Tech fulfill its mission and, in accordance with the

Public Agenda for Higher Education, increase the number of Tennesseans with a postsecondary credential.

B. Capital budget request for state appropriations will be submitted by the Director of Capital Projects and Planning annually as directed by THEC. Submissions will be prepared as directed by THEC's Instructions for Preparation of Capital Outlay, Maintenance, and Disclosure Funding Requests.

C. Items Requiring Approval of the SBC

1. Design and Construction Projects. The SBC has authority to approve and supervise in accordance with statutes and policies the following two categories:

a. All capital projects and other matters prescribed below.

i. The authority of the SBC with respect to Capital Projects includes authority:

a. To proscribe standards and promulgate rules and regulations for the construction of Tennessee Tech buildings and the procedure to be followed with respect thereto;

b. To approve designer, consultant, and contractor selections; delivery methods; project budget allocations; project funding; project descriptions; high performing building and sustainability criteria; and other standards;

c. Over all advertisements and awards of contracts for (i) the construction, erection and demolition, and to furnish, install or provide goods or materials that are incidental to Capital Projects; and (ii) for professional design, surveying, or planning services. Specifically included herein are contracts for master planning and for consulting services provided by architects, engineers and other specialty consultants; and

d. Pursuant to T.C.A § 4-15-102(c) (2), to waive any rule, regulation, specification or policy regarding the manufacturer of the material to be utilized in a Capital Project so long as Tennessee Tech receives an equivalent warranty or guarantee from the requesting manufacturer and evidence that such manufacturer is financially capable of performing such warranty or guarantee or for any other reason within the discretion of the SBC.

ii. The SBC shall consider the comments of the Tennessee Historical Commission (THC) prior to approving or disapproving plans for Capital Projects on Tennessee Tech owned real property, buildings or structures that may be of historical, architectural or cultural significance in compliance with T.C.A § 4-11-111(e).

iii. No contract for work associated with a Capital Project shall be awarded until the project has been submitted to and approved by the SBC.

2. Improvements to real property by the Tennessee Tech Foundation where it is the documented intent of the Foundation (as evidenced by meeting minutes or otherwise) to transfer the real property or the operation of the real property to Tennessee Tech and the cost is in excess of \$500,000. Furthermore, no contract for the improvement of TTU Property or the demolition of structures on TTU Property shall be awarded until the project has been submitted to and approved by the SBC.

D. Reporting Requirements for Items under SBC Authority

The TTU Director of Capital Projects and Planning shall submit a document indicating the status of all items approved by the SBC, including under the delegated authority of the SBC, in a form approved by the State Architect on a Quarterly Basis. The State Architect shall distribute submitted documents to the offices of the members of the SBC upon receipt and maintain copies in the State Architect's files. The SBC Executive Sub-Committee (ESC) shall acknowledge, in its meetings, the receipt of documents or the failure to provide the documents required to be submitted On a Quarterly Basis. Quarterly reports will include information on the following:

1. Capital Projects.
2. Land Transactions.
3. Acquisition Leases.
4. Disposal Leases.
5. All Real Property.
6. Donated Property.

Additional information for quarterly reports can be found in the SBC policy at <https://www.tn.gov/osa/general-information/policy---procedure.html>

E. SBC DELEGATION OF APPROVAL AUTHORITY

1. Initial Approvals of Capital Projects.
 - a. The authority of the SBC to approve Capital Improvements with a Total Project Cost of less than \$100,000 is delegated to the Head of the SPA so long as all of the following conditions are met:
 - i. If the determination of the THC is required by statute, the THC has determined that the Capital Improvement will not adversely impact a historic structure;
 - ii. The Capital Improvement will not be funded in any part by bond proceeds or residual proceeds from bond funding; and
 - iii. The Capital Improvement is not being provided by the Tennessee Tech Foundation.

If the Capital Improvement is the construction or erection of a new building or structure or for the demolition of a building or structure, the approval is not effective until the Capital Improvement has been reported to the SBC or ESC. No contracts may be fully executed and no work may commence prior to such reporting.

2. Approvals of Revisions to Existing Capital Projects.

- a.** The authority of the SBC to approve the use of a construction delivery method other than design/bid/build for Capital Projects is delegated jointly to the State Architect and the Head of the SPA.
- b.** The authority of the SBC to approve a guaranteed maximum price for a construction manager/general contractor construction contract is delegated jointly to the State Architect and the Head of the SPA so long as funds are available within the existing project funding to fund the guaranteed maximum price and other components of the Capital Project without the need for additional funds.
- c.** The authority of the SBC to approve a construction cost established by a bid that exceeds the previously approved maximum allowable construction cost is delegated jointly to the State Architect and the Head of the SPA so long as funds are available within the existing project funding to fund the bid established construction cost and other components of the Capital Project, including future subprojects, without the need for additional funds.
- d.** Tennessee Tech is responsible for its own emergency preparedness procedures for emergency repairs. Such emergency repairs shall be promptly reported to the SBC members thereafter in accordance with SBC policy.

F. STANDARD FORM OF AGREEMENT BETWEEN OWNER AND DESIGNER

The Standard Form of Agreement between Owner and Designer (SBC-6), Standard Terms and Conditions for Agreements between Owner and Designer (SBC-6a), and Standard Form of Supplement to an Agreement between Owner and Designer (SBC-6s) are available on file with the Office of the State Architect (OSA) and posted on the OSA website (www.tn.gov/osa).

The following sets forth the signature and other requirements for a binding designer agreement:

- 1. Higher Education Institution Designer Agreements.** A designer (architect, engineer, or other licensed professional) agreement must be signed by the designer, the Head of the SPA and the State Architect. The Head of the SPA is signing to document compliance with statutes, policies and contracting procedures. Additionally, the following signatures are required:

- a. Head of the Higher Education Institution.
 - b. Head of the Financial Office of the Higher Education Institution for certification of funding.
 - c. Head of the Legal Office of the Higher Education Institution as to form and legality.
2. All supplements to designer agreements must be approved and executed by the same parties approving and executing the original agreement and any previous supplement(s).

G. CONSULTANT CONTRACTS

The following sets forth the signature and other requirements for a binding consultant agreement:

1. Higher Education Institution Consultant Agreements. An agreement for consulting services must be signed by the designer, the Head of the SPA, and the State Architect. The Head of the SPA is signing to document compliance with statutes, policies and contracting procedures. Additionally, the following signatures are required:
 - a. Head of the Higher Education Institution.
 - b. Head of the Financial Office of the Higher Education Institution for certification of funding.
 - c. Head of the Legal Office of the Higher Education Institution as to form and legality.
2. All amendments to consultant agreements must be approved and executed by the same parties approving and executing the original agreement and any previous amendment(s).

H. Contractor Agreements

The following sets forth the signature and other requirements for a binding contractor agreement:

1. The Head of the SPA reviews the agreement to verify compliance with statutes, policies and procedures, and will sign approval.
2. The Capital Projects and Planning Accountant will verify the funding.
3. TTU CPP will forward the agreement to the Contractor for review and signature. The contractor will return the agreement along with the bond forms and Certificate of Insurance.
4. Upon receipt from the contractor, the agreement will be forwarded for signatures of the following:
 - a. Head of the Higher Education Institution.

- b. Head of the Financial Office of the Higher Education Institution for certification of funding.
- c. Head of the Legal Office of the Higher Education Institution as to form and legality.

I. Change Order Requirements

Prior to execution of a change order, the availability of funds shall be certified by the Commissioner of Finance and Administration as required by T.C.A. § 9-4-5113 or, in the case of a Higher Education Institution, by the Head of the Financial Office of the Higher Education Institution.

- 1. The signatures required to execute a contract change order are as follows:
 - a. Contractor
 - b. Designer
 - c. State Architect who may further delegate this signature authority in writing to the Head of the SPA.

V. Interpretation

The Director of Capital Projects and Planning has the final authority to interpret the terms of this policy.

VI. Citation of Authority for Policy

State Building Commission of Tennessee (SBC) By-Laws, Policy and Procedures Items 2, 4, 6 and 4; Tennessee Code Annotated 49-8-203 (a) (3); 49-8-203 (c).

Approved by:

Administrative Council: February 21, 2018

University Assembly: April 18, 2018

Board of Trustees: March 22, 2018