

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 1

## **BUILDINGS, INFRASTRUCTURE AND LAND**

### **A. CAPITAL PLANNING AND DEVELOPMENT PROCESSES**

#### **7-101 Definitions**

- A. Alternative Construction Delivery Methods: Building Delivery Processes that vary from the more standard Design-Bid-Build model. These may include Construction Manager-At-Risk and Design-Build.
  
- B. Architectural Program: The program is based on in-depth discussion with all identified building users and detailed analysis of standards and guidelines. It expands and redefines the facilities program to fully explain and document the following minimum requirements:
  - 1. Required size, use, occupancy, and furnishing/equipment requirements of all spaces.
  - 2. Required relationships of spaces to other spaces.
  - 3. Required utility services for all spaces and investigations into available utilities.
  - 4. Environmental requirements for all spaces.
  - 5. Traffic/circulation requirements within and without the building. Building service requirements.
  - 6. Tabulation of all net assignable areas.
  - 7. Explanation of probable required non-assignable spaces.
  - 8. Calculation of probable gross building area.
  - 9. Code analysis.
  - 10. Site analysis, including utilities, circulation, service, orientation, adjacent structures, etc.

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 2

11. Program cost estimate.

- C. Asbestos Abatement: Programs to encapsulate or remove asbestos containing materials which, if they become airborne or "friable", would constitute a health threat.
- D. Backfill Plan: A plan for how release space will be reoccupied, including an estimate of associated costs and source of funds.
- E. Building Renewal: Major activities that involve the repair or reworking of a building and the supporting infrastructure that will result in maintaining a building's expected useful life. Building renewal does not include new building additions, new infrastructure additions, landscaping and area beautification, routine maintenance, or demolition and removal of a building.
- F. Capital Committee: A committee composed of four or more Regents charged to provide comprehensive review and approval of the capital development process, where delegated by Board policy, including capital projects, real property transactions, and financing activities.
- G. Capital Development Plan (CDP): A plan for identifying capital building projects that each university intends to initiate during the following fiscal year, including a fiscal management plan.
- H. Capital Improvement Plan (CIP) (Annual): Every year the universities are required to prepare a Capital Improvement Plan that contains proposals for spending on land acquisition, capital projects, energy systems, energy management systems and building renewal. This CIP is to include a one-year plan and at least a two-year forecast of proposed capital activity.
- I. Capital Projects: Buildings, structures, facilities, infrastructure and areas constructed, renovated, or improved for the use or benefit of the Arizona Board of Regents, the universities under its jurisdiction, and the State of Arizona. (Major capital projects are those projects with a total project cost of Two Million Dollars (\$2,000,000) or greater.)

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 3

- J. Construction Documents: Those documents used for the solicitation of bids and the subsequent construction of a project. These include the bidding documents, contract forms, technical and general specifications, drawings, any addenda issued during the bidding process and any approved change orders.
- K. Debt Ratio: The numerator of the debt ratio shall include fiscal year debt service on outstanding and proposed bonds and certificates of participation, as shown in the most recent capital improvement plan, and the denominator shall be comprised of total projected expenses.
- L. Deferred Maintenance: Facility condition deficiencies identified through physical inspections where deterioration and/or life safety concerns are evident and affect the proper functioning of the facility. Typical building components with deficiencies include: heating, ventilation and air conditioning, roofs, flooring, walls, ceiling and lighting, electrical and plumbing. Deferred maintenance does not include routine maintenance needs.
- M. Demolition: The removal of all or any part of a structure for any purpose.
- N. Disabled Access: Refers to making buildings and facilities accessible to individuals with disabilities, consistent with the Americans with Disabilities Act, through the elimination of architectural and communication barriers to the extent those barriers prevent access to programs, services and activities. Examples of modifications addressed to allow access by those with mobility impairments may include, but are not limited to: doorways, accessible paths of travel, restrooms, and seating areas. Other examples are modifications to accommodate individuals with visual and hearing impairments and may include, but are not limited to special signage, telecommunications, emergency alarms, and elevator modifications.
- O. Facilities Program: Identifies future space requirements using the Regents' Space Guidelines, and other relevant planning guidelines. The program considers facility use information, projections of future use, and other related characteristics. The program document shall include, at a minimum, the following:

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 4

1. An identification of the total amount of space in terms of quality and quantity (count of rooms and net assignable square feet by room type).
  2. An estimate of net assignable square feet by room type and total gross square feet.
  3. Justification of space needs.
  4. Enrollment activities, research projections, and/or other information, and how these support facility and/or campus needs.
  5. Reference to relevant standards and guidelines from comparable institutions as appropriate (e.g., Regents' Space Guidelines, CEFPI).
  6. Discussion of locational determinants for the facility and for the principal elements within the facilities program.
  7. Documentation of special physical requirements which would influence project costs. Other information necessary for the solicitation of architectural and engineering services.
  8. A preliminary total project cost estimate based upon the above information.
- P. Fiscal Management Plan: A plan that identifies and justifies the source of funds, financing instruments, term and approaches (e.g., lease-lease/back), annual debt service, source of funds for debt service coverage, impact on tuition and annual operations and maintenance costs (including source of funds) for any capital project a university proposes to undertake. The plan will also address the potential impact of the project on university debt capacity and bonding authority (if applicable).
- Q. Fixed Equipment: Consists of permanently affixed/installed furniture, fixtures and equipment. Examples include but are not limited to: elevators, bulletin boards, kitchen cabinets, environmental walk-in boxes, building directories, library shelving, drinking fountains, signage, plumbing

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 5

fixtures, building mechanical systems, chalkboards, backbone telecom/data/systems and electrical systems, fume hoods, fixed electronic equipment, and fixed theater or classroom seating, as well as other fixtures and equipment installed with the intent of permanent use in that location.

- R. Furniture/Fixtures and Equipment (FF&E): Moveable furniture, fixtures, or equipment that requires no permanent connection to utilities or to the structure. They may require utility outlets, but are plug-in types. Examples include but are not limited to: moveable or non-fixed theater or classroom seating, electronic equipment, desks, chairs, bookcases, files, waste receptacles, easels, partitions, refrigerators, tables, credenzas, stools, typing stands, computer stands and other furniture, including interior wall/furniture systems. FF&E also includes scientific or technical equipment such as autoclaves, centrifuges, lasers, spectrometers, shop equipment/tools, kilns, and microscopes.
- S. Infrastructure: Nonbuilding improvements that directly support operating a facility that is listed in the annual building system such as, but not limited to, utility delivery systems, (e.g., steam and chilled water) roadway systems, external lighting systems, irrigation systems, sidewalks and parking lots. Additional campus infrastructure includes: campus grounds, other circulation systems (bike paths, pedestrian routes, etc.), and parking structures.
- T. Land acquisition: The procurement of real property by gift, grant, purchase, lease purchase, condemnation or other lawful means.
- U. Life Safety/Code Upgrades: Those items specifically related to compliance with life safety codes. Examples include but are not limited to: elimination of dead-end corridors, improvement of building exits, installation of fire sprinklers in existing construction, eliminating hazardous conditions, etc.
- V. Major Maintenance: The periodic need to repair/rework building and infrastructure systems or components. Examples include but are not limited to: reroofing, disassembling and rebuilding air-conditioning system water chillers and other long-term maintenance requirements.

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 6

- W. Master Plan: A document setting forth the concepts and guiding principles for future land use and development of campus facilities and infrastructure.
- X. New Construction: The creation of a new facility or the addition, expansion, or extension of an existing facility that adds to the building's overall gross square footage. Examples include but are not limited to: additions to existing facilities, construction of portable or temporary buildings, etc.
- Y. Release Space: Space vacated in the existing inventory of campus buildings as a result of new space being added to that inventory (e.g., new construction, lease, etc.).
- Z. Renovation: The reworking of an existing building or portion of an existing building, including the upgrading of major systems, which extends the useful life. Renovation includes the major replacement, or upgrading of building systems, components, or fixed equipment that is necessitated by facility obsolescence, change in use, ADA requirements, code requirements, physical plant wear-out, and/or related interior space modifications and aesthetic improvements. Examples include but are not limited to: demolition of the interior of a building or portion thereof including the removal and subsequent replacement of electrical, plumbing, heating, ventilating and air conditioning systems, fixed equipment, floor coverings and interior walls and partitions (whether fixed or moveable). The renovation of historic buildings that meet the evaluation criteria listed in the National Register of Historic Places shall be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings and in consultation with the State Historic Preservation Office.
- AA. Routine/Preventive Maintenance: The recurring need to keep in good repair building and infrastructure systems or components. Examples include but are not limited to: replacement of cooler pads, air filters, light bulbs, drive belts, lubrication, painting schedules, elevator maintenance, and other required scheduled maintenance.

Policy Number: 7-101	Policy Name: Capital Planning and Development Processes - Definitions
Policy Revision Dates: 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-101 Definitions 7/93, 6/92)	Page 7

- BB. Shell Space: Building space that has not been finished as part of the original construction project. Examples include but are not limited to: unfinished areas of a building such as floors and basements.
  
- CC. Sub-area Plan: A plan representing a portion of the campus that is less than the area covered by the Master Plan. Sub-area planning shall provide additional details and the necessary information for implementing the concepts and principles established by the Master Plan.
  
- DD. Total project cost: The full cost of a project that includes all direct construction costs (material, labor, site development, utilities, and infrastructure, extension, inflation adjustment, etc.) and indirect costs (land acquisition, architectural and engineering fees, furniture/fixtures & equipment, contingencies, etc.)

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 1

## 7-102 Overview of the Capital Development Process and Phases

### A. Description:

1. The capital development process is divided into seven phases: Master Plan, Capital Improvement Plan, Capital Development Plan Approval, Project Implementation Approval, Project Approval, Project Construction, and Project Closeout.
2. During the Master Planning Phase, the Capital Committee and the Board focus on the relationship between the university's mission statement, strategic plan, and campus physical development plans.
3. During the Capital Improvement Plan (CIP) phase, the Capital Committee and the Board focus on the existing condition, utilization and expenditure of capital resources at each of the universities. The CIP includes a report on the university's land and leasing activities, building renewal needs, and deferred maintenance activities. In each report, the universities identify proposed capital projects for the coming fiscal year and forecast capital projects that may begin in the subsequent two fiscal years.
4. During the Capital Development Plan Approval phase the Capital Committee and the Board focus on the strategic planning perspective for proposed capital projects for the coming fiscal year. The university identifies potential capital projects that contribute to the attainment of the university mission statement and strategic plan, justifies the project need, and presents preliminary total cost implications for the university and the state. Capital Development Plan Approval allows the university to proceed to the Project Implementation Approval phase.
5. During the Project Implementation Approval phase the university defines elements of the project scope, schedule and budget and proceeds with completion of schematic design. Project Implementation Approval allows the university to proceed to the Project Approval phase.

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 2

6. During the Project Approval phase the university completes the design and prepares construction documents. The Project Approval document serves as notification that the project is ready to advertise for bids, or acceptance of the final guaranteed maximum price, and enter the Project Construction phase.
7. During the Project Construction phase the university awards contracts, and constructs the project in accordance with ABOR Policy 3-804, (Professional Services and Construction Services Procurement).
8. During the Project Closeout phase the university obtains substantial completion, completes building commissioning, final inspection, accepts and occupies the facility, and provides final payment to the consultants and contractors. The university performs a review and formal evaluation of the consultants' and contractors' performances.

B. Projects That Require Approval

1. All capital projects with an estimated total project cost of \$5,000,000 or more shall be brought to the Capital Committee and the Board for approval regardless of funding source or financing structure. New construction and renovation projects with an estimated total project cost of \$5,000,000 or more shall be submitted for Capital Development Plan Approval.
2. Projects that originally were not required to enter the capital development process, but subsequently are forecasted to exceed the dollar thresholds as described above, must be submitted for Capital Committee review and Board approval.
3. Capital projects where the Board and the university share with other entities (Federal, State, local, development groups, public/private ventures, etc.) the control, financing, or ownership (current or future) of the project and/or its delivery process and that are subject to review under Board policy 7-207, shall be reviewed

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 3

by the Capital Committee and approved by the Board. The university shall seek guidance from the Central Office to document the proposed process for Board consideration. That process, at a minimum must include the following information, which may be provided in a single report or in a series of reports as details of the project are developed:

- a. Notice to the Capital Committee of intent to pursue development of an eligible project, including proposed project scope and justification, as well as the process for providing a reasonable opportunity for competition.
- b. Notice to the Capital Committee on development of negotiating parameters after the other entities have been identified or selected.
- c. Submission for Capital Committee and Board consideration:
  - (1) Identification of significant changes since capital development plan approval;
  - (2) Proposed project schedule;
  - (3) Project delivery method and process; as well as project construction, maintenance and operational standards;
  - (4) Fiscal impact and financing plans, and other related information that includes, but is not limited to, funding sources, debt payments, and estimated operation and maintenance costs, including quality control measures that will protect university interests in the areas of project financing;
  - (5) Project budget estimates and process used for developing estimates, including the use of qualified professionals;
  - (6) Outline of other entities involved (if applicable) including the equity position of other entities, anticipated returns to other entities, and/or contributions of other entities;

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 4

- (7) Lease terms, including any ownership transition or purchase options, and
- (8) Description of other related projects including related infrastructure improvements.

d. Project updates in the quarterly capital project status report.

#### C. Related Projects

1. The universities are responsible for defining the parameters (size, cost and discrete elements) of capital projects with the following provisions:
  - a. The parameters of a project shall not be defined with the objective to bypass or minimize the requirements set forth in Board policy.
  - b. The overall plans and costs for related and/or phased projects should be documented for consideration by the Capital Committee.
2. If the Board grants Capital Development Plan Approval for a group of related projects, Project Implementation Approval and Project Approval are necessary for any phase that exceeds \$5,000,000. Projects within a project group shall share common attributes, such as location, project type, etc. Projects with no common attributes may not be bundled into one project group.

#### D. Description of Project Financing:

1. Universities must designate funding sources, including annual debt service if required to construct each project proposed in the Capital Development Plan. Notwithstanding this designation by the universities, the Capital Committee must review, and the Board must approve the specific issuance of bonds, lease-purchase agreements, certificates of participation, or any debt instrument regardless of total project cost.

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 5

2. Request for debt issuance approval may not occur prior to Project Implementation Approval. The universities must disclose fully the estimated costs of the project and the debt issuance, information on debt capacity, outstanding debt levels, and debt service payments.
  3. Any capital project funded with debt may not increase the university's debt ratio to more than eight percent (8%) for any year shown in the capital improvement plan.
  4. The final maturity of any capital financing undertaken by a university will not exceed the estimated useful life of the capital asset being acquired or constructed.
  5. In requesting authority for capital debt, each university shall provide written justification for the debt instrument requested that will include the assumptions made for the source of resources for the repayment of the debt, and the fiscal impact.
  6. If projects require specific Legislative review:
    - a. The projects shall be presented to the Legislature, or its designated committee, for review anytime after receiving any necessary Project Approvals from the Capital Committee or the Board.
    - b. The projects shall have Legislative review prior to construction.
    - c. Both the request for Legislative review and the request to the Board for bond issuance shall display full disclosure of the estimated costs of the project, and if applicable, the bond issuance.
    - d. Use of bond authority for a project in excess of the amount initially approved by the Board and review by the Legislature will require Board approval prior to seeking review from the Legislature.
- E. Total Project Cost Estimating:

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 6

1. The *Regent's Construction Cost Control and Professional Fee Guidelines* (Guidelines) shall be considered in developing cost estimates and calculating building replacement values. In addition, other industry cost guidelines or internal historical data may be used, including inflation factors to ensure the reasonableness of the cost estimates.
2. The Guidelines are published separately and contain fee schedules for architects/engineers, construction managers and contingencies; inflation factors; building and space specifications; and cost matrices for construction of exterior and interior spaces.
3. The Guidelines shall be reviewed and updated by an outside cost estimating consultant. Revisions shall be initiated by the Central Office and universities, and approved by the Executive Director.

F. Public Art for Major Capital Projects

1. Funds to provide public art may be budgeted for any major building to be constructed or renovated. Major buildings are those with total project costs of One Million Dollars (\$1,000,000) or greater.
2. Funds will be for the purpose of placing, maintaining, repairing, removing or inventorying works of art (murals, frescoes, sculptures, fountains, mosaics, etc.) in or around university facilities.
3. The funded amount for public art shall not exceed one-half of one percent (0.5%) of the construction cost for any major building.

G. Building Design for persons with Disabilities: All new buildings and structures constructed or renovated at each institution shall comply with the provisions of The Arizonans with Disabilities Act of 1992, A.R.S. §41-1492 *et seq.*, and any amendment thereof relating to making public buildings accessible and functional for the disabled.

H. Plaques For Buildings: Plaques installed on new buildings at each institution shall carry the names of the Governor and other Members of the

Rev. 7/2009

Policy Number: 7-102	Policy Name: Overview of the Capital Development Process and Phases
Policy Revision Dates: 6/2009, 4/2008, 6/05, 4/02, 9/01, 1/99 (Previous 7-102 Introduction and Overview 7/93, 6/92, 6/90, 5/89, 9/88, 1/88)	Page 7

Board in office at the time the construction contract was awarded, together with the President of the institution, the architect, the contractor, and other participants deemed appropriate.

- I. Forms referenced in Chapter VII: Under the direction of the Executive Director, the Central Office and the universities have the responsibility to update and improve the various reports referenced in Board policy with the objective of presenting information to the Capital Committee and the Board in an effective format and manner.

Policy Number: 7-103	Policy Name: Capital Committee Charter
Policy Revision Dates: 6/2009, 6/05	Page 1

## 7-103 Capital Committee Charter

### A. Purpose

To assist the Board in fulfilling its oversight and monitoring responsibilities for the university system's capital development and real property activities by providing a more in-depth understanding of each university's planned use of existing capital resources, priorities for capital construction, real property transactions, and the analysis that supports each request relating to these activities.

### B. Organization

The Capital Committee shall consist of the Chair of the Resources Committee, the Chair of the Strategic Planning Committee, one or more Regents appointed by the President of the Board, and the voting Student Regent. One member of the committee shall be appointed by the President of the Board to serve as Chair. Expert community members may be appointed to and removed from the Capital Committee in accordance with the Guidelines for Expert Community Members Serving on Board Committees.

### C. Goals

The Capital Committee shall assist the Board in discharging its system-wide oversight and monitoring responsibilities by:

1. Promoting a coordinated, efficient, and effective method of planning and utilizing existing capital resources.
2. Promoting an effective and continuously improving capital development process for achieving the university system's goals and objectives.

### D. Meeting

The Capital Committee shall adopt an annual calendar of meetings consistent with the capital development process and required Board approvals. The Capital Committee shall hold additional meetings, as circumstances require.

Policy Number: 7-103	Policy Name: Capital Committee Charter
Policy Revision Dates: 6/2009, 6/05	Page 2

E. Capital Committee Authority and Responsibilities

Authority and responsibilities of the Capital Committee shall include the following:

1. Review and recommend possible changes or additions to the existing Board policy framework regarding the capital development process, real property activities, and financing transactions.
2. Act on the following from the Central Office:
  - a. Periodically review and revise the Capital Committee's Charter as needed.
  - b. Monitor the university quarterly construction progress reports.
3. Review the following from each university:
  - a. Strategic Plan update (annually),
  - b. Master Plan update (every five years),
  - c. Capital Improvement Plan (annually),
  - d. Capital Development Plan (annually),
  - e. Capital Development Plan revisions (when issued),
  - f. Project Implementation Approval requests,
  - g. Project Approval requests,
  - h. Request to purchase/sell/exchange real property
  - i. Requests to lease space,

Policy Number: 7-103	Policy Name: Capital Committee Charter
Policy Revision Dates: 6/2009, 6/05	Page 3

- j. Projects where the Board and the university share with other entities the control, financing or ownership of the project and/or its delivery process,
  - k. Debt-financing authority (bonding, lease-purchase, certificates of participation),
  - l. Intergovernmental Agreements relating to capital projects and real property activities, and
  - m. Space utilization report (annually).
4. The Capital Committee shall have approval authority with respect to individual capital projects, real property transactions, and other matters as authorized by Board policy.

Policy Number: 7-104	Policy Name: Strategic Planning
Policy Revision Dates: 6/05, 9/01, 1/99	Page 1

#### 7-104 Strategic Planning

- A. Each year the Board shall review and, if necessary, update systemwide strategic directions and action plan objectives.
- B. Each year the universities shall review and, if necessary, update their mission statements and strategic plans.
- C. The Board shall review these updated mission statements and strategic plans to ensure that they are consistent with systemwide goals and reflect current priorities.
- D. The universities shall, in consultation with the Central Office, develop consistent minimum reporting requirements for university strategic plans. Strategic plans shall identify major capital and operating implications of key strategies, e.g., comprehensive plans, sub-area plans. The Capital Committee shall review the portions of university strategic plans relating to the implied or proposed capital projects and operational impacts to the university's master plan and capital development plan.
- E. Capital projects must contribute to specific strategic objectives or satisfy other important criteria such as meeting life safety requirements or correcting existing deficiencies.
- F. University procedures for setting preliminary project priorities shall include processes to update mission statements and strategic plans, identify project proposals, and produce a preliminary project ranking.

Policy Number: 7-105	Policy Name: Master Plans
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-113 Master Plans 6/92, 7/93)	Page 1

## 7-105 Master Plans

- A. Master Plans will be developed by the universities for main and branch campuses to guide their development.
  - 1. Master Plans for other large parcels of university land outside of the campus planning boundaries shall be developed.
  - 2. Sub-area Plans within the campus planning boundaries shall be developed as the universities deem necessary.
  - 3. Master and Sub-area Plans should define the direction, physical needs, land acquisition, and overall approach of the university for a ten year timeframe. Campus physical development plans should be based on the academic and research services the institution intends to provide, on the student population it projects to serve, and on the image the university leadership wishes to project.
  
- B. Master Plans shall be brought to the Capital Committee for review, and to the Board for approval.
  - 1. The universities will maintain an ongoing planning process and conduct comprehensive plan reviews and updates at approximately five-year intervals.
    - a. Significant revisions or changes in concepts to the approved Master Plans shall be presented to the Capital Committee and the Board for review.
    - b. Significant revisions to a Plan are generally defined as a change in use of a particular area other than proposed in the most recent Board-approved Plan.
  - 2. A university or campus that completes a Master Plan is required to present the plan at that time. Presentation of the plan would occur at the first of two Board meetings, with approval being granted at the second.

Policy Number: 7-105	Policy Name: Master Plans
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-113 Master Plans 6/92, 7/93)	Page 2

3. Information shall be provided to the Capital Committee and the Board regarding the public hearings and meetings with the local community on the proposed Master Plan, if such meetings have been deemed appropriate by the university. Major areas of public concern should be explained as well as how the final Plan addresses those concerns.
  4. The Master Plan shall support the university's mission statement and strategic plan.
- C. Sub-area Plans shall be brought to the Capital Committee for review, and to the Board for approval under the following circumstances:
1. Plans deviate from the guidelines established by the approved Master Plan.
  2. Plans pose a potential for identifiable impact on the local municipalities and/or communities, either adjoining or remote from campus boundaries. This impact shall be discussion as appropriate.
- D. Board approval of a Plan still requires specific approvals of individual projects as outlined in this chapter of Board policy.
- E. Approval of specific design standards or architectural guidelines which may be referenced in a Plan shall be delegated to the university president after the Plan is approved.
- F. In developing Master Plans and Sub-area Plans, the universities should take into consideration environmental impacts which may result from implementation of the Plan, and propose mitigation measures where appropriate.

Policy Number: 7-106	Policy Name: Annual Capital Improvement Plans
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-112 Capital Improvement Plans 7/93, 6/92, 5/89, 1/88)	Page 1

## 7-106 Annual Capital Improvement Plans

- A. Each university will complete an annual Capital Improvement Plan as required by state statute.
- B. The annual Capital Improvement Plan serves three main functions:
  - 1. To serve as a reference documents for current facilities inventory and related financial management information;
  - 2. To request general fund monies, including building renewal, from the state; and
  - 3. To identify capital projects the university intends to implement during the next fiscal year along with a forecast of proposed activities in the following two (2) fiscal years.
- C. Process:
  - 1. Guidance shall include, but not be limited to:
    - a. Limitations on the general fund request;
    - b. Systemwide prioritization of the general fund request;
    - c. Requirements for necessary Board approvals or requisite documents for project placement in the Annual Capital Improvement Plans; and
    - d. Limitations on the amount of outstanding debt as demonstrated by the debt capacity reports.
- D. Each university will submit to the Board a fully developed Capital Improvement Plan in accordance with the calendar approved by the Chair of the Capital Committee. The Plan shall include the following elements:
  - 1. All Funds Summary
  - 2. Building Renewal Report
  - 3. Deferred Maintenance Report
  - 4. Building Inventory

Policy Number: 7-106	Policy Name: Annual Capital Improvement Plans
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-112 Capital Improvement Plans 7/93, 6/92, 5/89, 1/88)	Page 2

5. Lease Report
6. Land Report
7. Capital Project Status Report
8. One-Year Capital Plan plus a Two-Year Forecast
9. Project Descriptions, Justifications, Scope and Budgets
10. Debt Capacity

Policy Number: 7-107	Policy Name: Capital Development Plan
Policy Revision Dates: 4/2009, 6/05, 9/01, 1/99 (Previous 7-103 Project Initiation Phase 6/92, 5/89, 1/86)	Page 1

## 7-107 Capital Development Plan

A. **Applicability:** The Capital Development Plan Phase will be used for those projects meeting the requirements as previously defined in this chapter.

B. **Schedule:**

1. Each university shall submit an annual Capital Development Plan for the upcoming fiscal year in accordance with the calendar approved by the Executive Director. Capital Development Plans are reviewed by the Capital Committee and approved by the Board
2. Projects included in the Capital Development Plan are generally carried forward from the previously approved Capital Improvement Plan.
3. No capital project can go forward if it has not been included in an approved Capital Development Plan.
4. A capital project need not be included in a Capital Development Plan once it has received Project Approval.
5. If a project does not move forward for Project Implementation Approval in the applicable fiscal year, it must be resubmitted for inclusion in a subsequent Capital Development Plan.
6. The Capital Development Plan may be considered for mid-year revisions in accordance with a calendar established by the Executive Director. Revisions may include the addition of new projects, project budget adjustments, and deletion of projects.

C. **Phase Description:**

1. Capital Development Plan Approval focuses on strategic planning perspective and shall be based on:
  - a. The mission, strategic plan, and master plan of the university;

Policy Number: 7-107	Policy Name: Capital Development Plan
Policy Revision Dates: 4/2009, 6/05, 9/01, 1/99 (Previous 7-103 Project Initiation Phase 6/92, 5/89, 1/86)	Page 2

- b. Advance planning such as the initial development of a facility program and/or architectural program that justifies the project; and
  - c. The preliminary total cost including sources and uses of funds.
  
- 2. Each project submitted for Capital Development Plan Approval shall include a concise Project Justification Report to the Board. This Project Justification Report shall be developed in cooperation with the Central Office to ensure materials address the needs of the Capital Committee and the Board. The Project Justification report should justify the need for the project based upon the university's mission, strategic plan, and other supporting documentation. The Project Justification Report shall include the following information:
  - a. Project need
  - b. Programming and design costs, and exceptions (if required), to achieve project implementation
  - c. Estimated project scope and cost, including expected useful life of the project
  - d. Methodology used to develop the total project cost and comparison of cost to other similar previously approved projects and completed projects from the databases established pursuant to Board policy 7-110 B.4 (Project Construction, University Procedures), including an explanation of significant cost differences from the comparable projects
  - e. Rationale for the selected project delivery method, including information on the selection process, the number of submittals received for each contracted activity of the delivery method, and any prior experience with selected entities

Policy Number: 7-107	Policy Name: Capital Development Plan
Policy Revision Dates: 4/2009, 6/05, 9/01, 1/99 (Previous 7-103 Project Initiation Phase 6/92, 5/89, 1/86)	Page 3

- f. If applicable, rationale for seeking Leadership in Energy and Environmental Design (LEED) certification, including estimated costs for achieving certification
- g. Conformance with space guidelines
- h. Conformance with university missions, strategic plans, campus master development plans, and plans for community input
- i. Fiscal Management Plan: How the universities intend to fund the project, including annual debt service and the impact to the fund sources that will pay the debt service, as well as annual operations and maintenance costs
- j. Backfill Plan: The universities should identify potential programs, functional uses, or non-use (e.g., demolition of a building) of the space that is released as a result of the project
- k. Alternatives to Project: Explain what alternatives to the project were investigated, and why they were not selected. These alternatives can include, but not be limited to:
  - (1) Whether the program could be accommodated in existing space (e.g., rescheduling, more efficient use of space)
  - (2) Whether the program could be accommodated in off-campus lease space
  - (3) Consider if the space could be constructed in partnership with the private sector
- l. Description of other related projects including relating infrastructure improvements.

#### D. University Facility/Architectural Program Procedures

- 1. The universities will develop procedures to specify the information requirements and process for programming the facility.

Policy Number: 7-107	Policy Name: Capital Development Plan
Policy Revision Dates: 4/2009, 6/05, 9/01, 1/99 (Previous 7-103 Project Initiation Phase 6/92, 5/89, 1/86)	Page 4

2. A facilities/architectural programmer, who has experience in translating users' needs into space, room, and equipment requirements for similar facilities, should define the space requirements.
3. A programming committee should be established and structured to ensure that the specified program represents an appropriate tradeoff between users' desires and a plan that maximizes value to the university.
4. The program should include information specifying space requirements, other program requirements, and special requirements.

E. Authority Granted by Capital Development Plan Approval

1. Capital Development Plan Approval represents Board approval of the project concept, scope, and preliminary total costs.
2. Capital Development Plan Approval authorizes the universities to hire outside consultant services to initiate the design, cost estimating, and/or alternative building delivery (i.e., construction manager-at-risk, design/build) processes through schematic design.
3. In preparing for the Project Implementation Approval submittal, the universities are authorized to expend for outside professional and consultant services up to three percent (3%) of the estimated total project cost or Five Hundred Thousand Dollars (\$500,000) whichever is greater. These expenditure limitations are in addition to those authorized for Capital Development Plan Approval submittal.

Policy Number: 7-108	Policy Name: Project Implementation Approval
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-104 Conceptual Approval Phase 6/92, 6/90, 1/89, 1/88)	Page 1

## 7-108 Project Implementation Approval

- A. **Applicability:** The Project Implementation Approval Phase will be used for those projects meeting the requirements as previously defined in this chapter.
- B. **Phase Description:**
1. The Project Implementation Approval document shall include the following elements:
    - a. Prior Capital Committee and Board action
    - b. Project scope as identified in the schematic design phase
    - c. Project justification elements from the Capital Development Plan Approval
    - d. Project budget estimates prepared by qualified professionals
    - e. Updated fiscal impact and Project Financing Plan; other related project information that includes, but is not limited to funding sources and estimated operation and maintenance costs
    - f. Significant changes since Capital Development Plan Approval;
    - g. Project schedule.
  2. Substantially completed Project Implementation Approval documents shall be submitted to the Central Office for review and comment no later than twenty (20) calendar days prior to the pertinent Capital Committee meeting. If the deadline is not met, the Chair of the Capital Committee shall have the option to withhold the documents for a subsequent Capital Committee meeting.
  3. Project Implementation Approval requests for all Capital Projects shall be submitted for Capital Committee review and approval by the Board.
- C. **University Procedures:**

Each university shall develop procedures to specify the required information and process for preparing the cost estimate for Project

Policy Number: 7-108	Policy Name: Project Implementation Approval
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-104 Conceptual Approval Phase 6/92, 6/90, 1/89, 1/88)	Page 2

Implementation Approval. The procedures shall be designed to meet the following guidelines:

1. The construction manager and/or the design consultant shall normally prepare the project's estimate. A corroborating cost estimate must be obtained from an outside cost estimating or design consultant for all projects.
2. The estimates shall be reviewed and approved by in-house staff. An explanation in the Project Implementation Approval documents is required when the corroborating cost estimate differs from either the Regents' *Construction Cost Control and Professional Fee Guidelines* estimate or a separate estimate by five percent (5%) or more.
3. The universities shall develop and use a cost information database to record costs for capital projects.

D. Authority Granted by Project Implementation Approval:

1. Project Implementation Approval includes the authority to proceed with project financing and to contract for necessary consulting or other applicable services, and to complete the design, prepare construction documents and proceed to the Project Approval phase.
2. The university may transfer funds among expenditure categories in the total project budget without Board approval.
3. Revised Project Implementation Approval is required for increases in the estimated total project cost. The Capital Committee shall have authority for increases up to five percent (5%) of the total estimated project cost; increases greater than five percent (5%) shall be approved by the Board.
4. A project forfeits the authority granted by a Project Implementation Approval, and must be resubmitted for Board approval, if:

Policy Number: 7-108	Policy Name: Project Implementation Approval
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-104 Conceptual Approval Phase 6/92, 6/90, 1/89, 1/88)	Page 3

- a. As a result of programming or other causes, the project requires reassigning or changing fifteen percent (15%) or more of the net assignable square feet, or
- b. The project does not obtain Project Approval within twenty-four (24) months of being granted Project Implementation Approval.

Policy Number: 7-109	Policy Name: Project Approval
Policy Revision Dates: 06/2009, 04/2009, 6/05, 9/01, 1/99 (Previously 7-105 Project Approval Phase 7/93, 6/92, 6/90, 5/89, 1/88)	Page 1

## 7-109 Project Approval

- A. Applicability: The Project Approval Phase will be used for those projects granted Project Implementation Approval by the Board.
- B. Phase Description:
  - 1. The purpose of the Project Approval phase is to allow for review of updated project information and data as the university initiates the bidding and construction process.
  - 2. Project Approval shall include the following steps:
    - a. Information and data presented in the Project Implementation Approval document is revised where necessary.
    - b. Construction documents are near completion.
    - c. Bid advertising date is established for projects utilizing the design/build process; or a guaranteed maximum price has been obtained utilizing the design/build or construction-manager-at-risk process.
    - d. Information on the final total project cost estimate, including the independent cost verification process.
    - e. Project Approval documents are transmitted to the Central Office and reviewed with the university.
  - 3. Level of Board Review
    - a. Projects with a total project cost between \$5,000,000 and \$20,000,000 may be granted project approval by the Capital Committee based upon the budget, schedule, scope, and other considerations as warranted. At the Committee's discretion, any project approval request may be presented to the Board as circumstances warrant.

Policy Number: 7-109	Policy Name: Project Approval
Policy Revision Dates: 06/2009, 04/2009, 6/05, 9/01, 1/99 (Previously 7-105 Project Approval Phase 7/93, 6/92, 6/90, 5/89, 1/88)	Page 2

- b. Projects with a total project cost greater than \$20,000,000 should be reviewed by the Capital Committee and approved by the Board.

C. University Procedures:

- 1. If the project program has changed materially or the budget has increased by more than five percent (5%) of the estimated total project cost since the granting of Project Implementation Approval, the university must seek Capital Committee review and Board approval prior to advertising for bids.
- 2. If the project is on budget, schedule, and within scope, the university may advertise for bids prior to review by the Capital Committee but after submitting the Project Approval documents to the Central Office. This provision is provided for those situations where it can be demonstrated by the university that the accelerated schedule is likely to result in cost savings or advantages to the users. The university must include in the Project Approval documents a rationale for advertising for bids prior to Capital Committee review.

D. Authority Granted by Project Approval:

- 1. The university may advertise for bids and proceed to the Project Construction Phase.
- 2. Capital Committee approval is required for increases in total project cost that do not exceed five percent (5%) of the estimated total project cost.
- 3. A project forfeits the authority granted by Project Approval, and must be resubmitted for Capital Committee review and Board approval, if:
  - a. As a result of additive and deductive alternatives or other causes, the project requires reassigning or changing fifteen percent (15%) or more of the net assignable square feet, or

Policy Number: 7-109	Policy Name: Project Approval
Policy Revision Dates: 06/2009, 04/2009, 6/05, 9/01, 1/99 (Previously 7-105 Project Approval Phase 7/93, 6/92, 6/90, 5/89, 1/88)	Page 3

- b. The total project cost increase is greater than five percent (5%) of the estimated total project cost.
- c. The university does not initiate construction within twelve (12) months of bid opening.

Policy Number: 7-110	Policy Name: Project Construction
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-106 Construction Phase 7/93, 6/92, 6/90, 5/89, 1/88)	Page 1

## 7-110 Project Construction

### A. Phase Description:

1. Universities select or continue with previously selected consultants.
2. Universities proceed with the bidding process, contractor selection, contract award and construction.
3. The universities may transfer funds among expenditure categories in the total project budget without Capital Committee or Board approval.
4. Capital Committee Approval is required for increases in total project cost up to five percent (5%) of the estimated total project cost.
5. Capital Committee review and Board approval are required for increases in total project cost greater than five percent (5%) of the estimated total project cost.
6. Quarterly project status reports are submitted to the Central Office.

### B. University Procedures: The universities shall develop procedures as follows:

1. The selection of architect/engineers, construction managers, contractors, and selection of specialty consultants and the monitoring of construction shall be consistent with Board policies.
2. These procedures shall include controls to ensure that projects requiring Legislative approval obtain approval prior to commencing construction.
3. Project control procedures shall include university requirements for change orders, cost estimates, project reporting, and records management.
4. A cost information database shall be developed for completed projects to provide actual cost information for similar projects.

Policy Number: 7-111	Policy Name: Project Closeout
Policy Revision Dates: 4/2009, 6/05, 9/01, 1/99 (Previous Project Closeout Phase 6/92, 6/90, 5/89, 1/88)	Page 1

## 7-111 Project Closeout

### A. Phase Description:

1. The Project Closeout phase shall include following steps:
  - a. Universities inspect completed facilities. Certificate of Substantial Completion is issued. A list of incomplete and nonconforming tasks (punch list) is developed.
  - b. Once all incomplete and nonconforming tasks have been completed, the university may issue final acceptance documents.
  - c. Universities make final payment to consultants and contractors.
  - d. Universities formally evaluate the performance of consultants and contractors and review project results.
  - e. Universities transmit to the central office completed project information in the Quarterly Project Status Report and Report for Substantially Completed Projects. The Report for Substantially Completed Projects along with a copy of the Certificate of Substantial Completion shall be submitted with the Quarterly Project Status Report after award of the Certificate of Substantial Completion. If the project is not fiscally complete at that time, estimates of the cost of outstanding items or claims, and the anticipated schedule for fiscal completion shall be summarized in the comments section of the completion report.
  - f. At substantial completion, the university shall also include a Summary Report on Project Control Procedures, including change orders and any other tracking items developed in cooperation with the central office to ensure materials address the needs of the Capital Committee and the Board.

Policy Number: 7-111	Policy Name: Project Closeout
Policy Revision Dates: 4/2009, 6/05, 9/01, 1/99 (Previous Project Closeout Phase 6/92, 6/90, 5/89, 1/88)	Page 2

B. University Procedures: Procedures shall be developed that:

1. Specify Project Closeout requirements to ensure that all required activities are performed before final payment is released to consultants and contractors
2. Formally evaluate the performance of all consultants and contractors upon project completion
3. Ensure university executive level management reviews post-completion results of all projects with a total capital cost Two Million Dollars (\$2,000,000) and greater.

Policy Number: 7-112	Policy Name: Capital Project Status Reports
Policy Revision Dates: 6/2009, 6/05, 9/01, 1/99 (Previous 7-108 Project Reporting Requirements 7/93, 6/92)	Page 1

## 7-112 Capital Project Status Reports

- A. The Central Office shall monitor the capital development process and keep the Capital Committee advised on the status of major capital projects (\$5,000,000 and greater).
- B. A quarterly capital project status report shall be submitted by the universities to the Central Office.
  1. Reports include all projects in process with total project costs of \$100,000 and greater, with additional detail for those projects \$2,000,000 and greater.
  2. Reports shall have a separate section for projects between:
    - a. \$100,000 and \$1,999,999;
    - b. \$2,000,000 and \$4,999,999; and
    - c. \$5,000,000 and greater.
  3. Routine/preventive maintenance work should not be included in this report.
  4. Reports shall be submitted within 45 calendar days following the end of the quarter.
  5. For major capital projects that were substantially completed during the quarter, a copy of the consultant's Certificate of Substantial Completion shall be included. After submission of the certificate, projects shall be removed from the quarterly report.

Policy Number: 7-113	Policy Name: Space Inventory and Utilization Reports
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-111 Space Management 6/92, 1/88)	Page 1

## 7-113 Space Inventory and Utilization Reports

- A. The universities shall develop procedures and systems for providing space management information to:
  - 1. Assist in planning potential capital projects based upon space needs
  - 2. Compare actual inventory and utilization data to the Regents' Space Guidelines
  - 3. Develop the estimated building replacement values.
  
- B. Regents' Space Guidelines
  - 1. The guidelines should be used for overall campus facility planning and for planning new construction and renovation projects.
  - 2. The guidelines are intended to serve as overall space guidelines, not as absolute standards.
  - 3. The guidelines should be reviewed periodically by the Central Office and universities, and revisions approved by the Capital Committee.
  
- C. Campus Space Committees
  - 1. The universities shall establish broadly represented campus space committees to stimulate discussions on improving the use of campus space and facilities.
  - 2. The committees should use the space inventory and utilization reports, and other relevant documents, as the foundation for its discussions.
  - 3. The committees shall provide recommendations to university executive management on improving the use of campus space and facilities.

Policy Number: 7-113	Policy Name: Space Inventory and Utilization Reports
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-111 Space Management 6/92, 1/88)	Page 2

D. Reporting Requirements

1. Space inventory and utilization information shall be completed and submitted to the Central Office and campus space committees by May 1 of each year.
2. The reports shall be reviewed annually by the universities and Central Office for consistency and possible improvements.

Policy Number: 7-114	Policy Name: Building Renewal
Policy Revision Dates: 6/05, 9/01, 1/99 (Previous 7-110 Building Renewal 6/92)	Page 1

7-114 Building Renewal:

- A. Building renewal funds shall be calculated for every eligible building by the universities each year utilizing the formula approved by the Legislature's Joint Committee on Capital Review (A.R.S. §41-793.01) and instructions from the Central Office. Each university shall request from the Legislature, via the submission of the annual Capital Improvement Plan, the total amount of building renewal calculated.
- B. The amount of funds generated by the building renewal formula for each eligible building shall be included in the Building Inventory Report which is incorporated into the annual Capital Improvement Plan. The report also shall list the estimated deferred maintenance for each building.
- C. Building renewal may be used for projects as defined in State statute (A.R.S. §41-790) or in session law. Consultant fees related to Building Renewal Projects are an allowable use of building renewal funds. State-appropriated building renewal monies may be allocated for fixed equipment and interior wall/furniture systems with the intent of permanent use in that location.
- D. The Regents' *Construction Cost Control and Professional Fee Guidelines* are used to calculate the estimated replacement values for the building inventory report. Building replacement values along with building age are the primary variables in computing the state-appropriated building renewal request. The Central Office shall provide direction to the universities for calculating estimated building replacement value and building renewal.

Policy Number: 7-115	Policy Name: Capital Project Audits
Policy Revision Dates: 9/01, 1/99 (Previous 7-109 Project Audits 6/92)	Page 1

7-115 Capital Project Audits:

- A. The Central Office shall audit capital projects, including substantially completed projects, on a periodic basis for compliance with Board policies.
- B. The audits shall be performed by professionals with relevant skills and shall focus on those areas most important to assess system integrity.
- C. The Central Office shall audit a sample of projects funded with state-appropriated building renewal monies. The audits shall take place no less than every two years, shall include each fiscal year appropriation and shall be consistent with the corresponding capital outlay bill.