

Facilities Planning and Management Process Description and Policy Requirements Contracting for Design and Construction Services

This process description and policy statement replaces and supersedes the Design and Construction Milestone Sequencing Policy last amended November 30, 2005. This process description and policy statement is effective October 26, 2010.

The purpose of this document is to ensure that Facilities Planning and Management (FPM) directors and project managers know of and consistently perform the tasks and activities noted herein in their necessary sequence while leading the development and implementation of capital construction projects for our various University customers. This process description and policy statement does not present performance requirements for all possible project milestones, but rather those that are critical to the execution of related contracts, the processing of purchase orders, and the commencement of design and construction activities. Additionally, this document will assist FPM customers in understanding essential project contracting and purchasing practices, as this will have a significant impact on anticipating and effectively planning project requests so work is completed when needed. This document also presents requirements and expectations for projects that will use preferred designer, and time and material construction vendors. Refer also to the Preferred Design Vendor Procedural Policy for related details.

FPM typically uses one of five different construction project delivery processes depending on project characteristics and customer preferences. Just-Do-It is the fastest project delivery method, and takes advantage of preferred vendor relationships with trade sub-contractors that have previously been competitively bid and are under time and material (T&M) contracts that allow expedited construction. Just-Do-It requires consumer comfort with T&M remuneration and is willing to proceed with construction without first receiving a project cost estimate. This process also avoids design phase due to simple project scope, and bid phase due to low expected cost. Do-It After Cost Estimate is basically the same as Just-Do-It, but is slowed slightly due to a customers need for a cost estimate before proceeding with construction. Lump-Sum is a delivery option for those customers wanting a lump-sum fixed cost for construction vs. an estimate and the use of a variable T&M preferred construction vendor. This process can also be relatively quick, but is slowed by the time required to solicit and receive an acceptable construction proposal from preferred construction vendors and the requirement to execute a project specific construction contract, which is avoided by Just-Do-It and Do-It After Cost Estimate. The Long Trail is potentially the slowest project delivery method. This process is characterized by more complex and expensive (over \$50,000) project scope that requires a design phase effort to develop construction documents for competitive bidding and construction. This process normal involves the development of detailed project cost estimates for the customers use in determining whether the project is affordable and able to proceed with available funds. The Fire Marshall process can often require the greatest elapsed time to fully implement. This process is exclusive to classroom buildings and dormitories where the total project

scope exceeding \$15,000 and/or including life safety system scope (fire alarm and suppression, and emergency egress concerns). In this case construction documents, stamped by a licensed architect and engineer, must be submitted to the State Fire Marshall for review, approval and permitting before construction can begin. A preferred design vendor would normally be used to develop construction documents, but Fire Marshall projects almost always required competitive bidding and the execution of a construction contract before the project can be built.

When FPM Project Planners and/or Project Managers meet with a customer for the first time to begin scoping a project request they are expected to review project delivery options with the customer to select an appropriate delivery method and to initially set expectations for project schedule performance. After that determination, most projects will follow the sequence of events which follow.

1. Establishing Needs – Customer Project Request: All requests for capital projects, whether implemented or not, must be initiated through the FPM website address <http://workorder.facilities.wayne.edu/>, click “Submit a GIRF” to begin, before FPM will recognize and begin working on any project. Customers or FPM staff may initiate projects. Examples of projects include signage, hiring new faculty that require facility set-up, creating teaching labs, office or lab renovations, or athletic facility improvements.
2. Soliciting A/E Proposals: Once a project request is accepted and after the scope of the project is understood, FPM will solicit proposal(s) from qualified architectural and engineering (A/E) firm(s) as needed to design the project. FPM maintains contractual relationships with many A/E firms on a preferred design vendor basis. Such relationships were established through a competitively solicited process, where fees are based on a percentage of final construction costs.
3. Project Accounting Options: Accounting of project cost transactions may occur using one of three methods; recording transaction in a Plant Fund Account (PFA), charging transactions to FPM following transfer of funding to FPM via an IRB, or direct charged to customer specified accounts. All projects having an expected cost that will exceed \$25,000 must have a PFA to accept related charges. A PFA can be requested at any time following FPM’s acceptance of a project request. However, doing so before receiving an A/E (or other professional services) proposal will cause the initial budget load to be based on an estimate. It shall be the FPM project manager’s responsibility to request a PFA. Such requests shall be submitted to FPM’s Director of Business Services and shall include a brief project description, the funding source and dollar amount. For projects funded by S/C/D, FPM will coordinate PFA establishment directly with Fiscal Operations. Projects to be funded from Plant Fund reserves held by the Vice President of Finance and Business Operations (Vice President), or from other central accounts controlled by the Vice President or the Budget Office, shall be established working with Fiscal Operations after the authorization of the Vice President. For those projects not requiring a PFA, project costs may be billed directly to a customer specified account or the customer

may transfer funds to FPM, allowing the project costs to be charged directly to FPM instead.

While FPM does employ architects and engineers on staff, they do not develop final design solutions and construction documents for bidding and construction. Rather, they serve as University Project Managers, coordinating outsourced design and construction services to A/E firms and construction companies. Under no circumstance shall outsourced work of any kind be authorized and commenced without having funds or chargeback agreements in place.

4. A/E Contract or Purchase Order Execution: After receiving a formal written proposal for services from an A/E firm, and after acceptance of the proposed scope of services and fee, FPM shall prepare and submit either a Contract for Professional Services or a Purchase Requisition for execution. Under the Preferred Design Vendor relationship established as noted in item no. 2 above, zero sum Contracts for Profession Services have already been executed. For those projects that will be designed by a preferred design vendor, FPM shall issue a standard purchase requisition that references the applicable contract, project proposal and fee. Such purchase requisitions will be authorized by FPM's Senior Director of Design and Construction Services (Senior Director) who will then forward copies of the purchase requisition to FPM's Associate Vice President (AVP). The AVP will provide a report to the Vice President on a monthly basis to keep the Vice President apprised of newly initiated design phase activities. For large renovation or new construction projects that will not use the preferred design vendor process, FPM will solicit competitive proposals and lead a value-added evaluation process that results in the selection of the designer and the execution of a Contract for Professional Services.

When submitting a design contract or purchase requisition for execution, it shall be accompanied by a "Design and Construction Project Milestone Checklist for Design". The Checklist must acknowledge all milestones listed ahead of A/E contract or purchase requisition execution by providing a sign-off and the date that the milestone was completed. The Checklist shall become part of the project records, and shall be available for review upon request.

5. A/E Contract Purchase Order: After execution of the Contract for Professional Services by both the A/E firm and the Vice President, a copy of the executed Contract and a related purchase requisition shall be submitted to Purchasing for processing. Purchasing will issue the purchase order number.

The A/E firm shall not be authorized to proceed until the project's PFA has been established and funded (or other acceptable accounting has been established), until the Contract for Professional Services has been fully executed (assuming one does not exist and is required), a purchase requisition has been issued, and a project specific Certificate of Insurance from the A/E firm is filed with Risk Management. Then, and only then, shall the A/E firm be authorized to provide its services.

6. Establish Final Scope and Project Budget Approval: Working with the customer and A/E firm, the project scope will normally be established during programming and schematic design phase. As needed, design development and construction documents may be created to understand the project's scope of work and budget requirements. Regardless of the level of effort required to establish the scope of work and project budget, a project budget will be developed in appropriate detail and submitted to the customer and / or administration for review and approval.
- All projects whose budget exceeds \$500,000 shall be submitted to the University's Board of Governors for final approval. Board Papers will be developed accordingly.
 - All projects whose budget exceeds \$1,000,000 but are less than \$3,000,000 shall also be reported to the State's Joint Capital Outlay Subcommittee (JCOS) semi-annually, or when Use and Finance Statements are being submitted.
 - All projects whose budget exceeds \$3,000,000 shall also be submitted in the form of a Use and Finance Statement to the State's JCOS for approval immediately following approval by the University's Board of Governors. JCOS approval shall be mandatory prior to commencing with construction.
 - For State or federally funded projects, refer to related Design and Construction Services department practices for further details.

Under no circumstance shall construction commence until appropriate authorization(s) have been granted.

7. Load PFA with Remaining Funds: Following final approval of the project's budget, funds from the approved source shall be loaded into the PFA to equal the project budget after approval by the S/C/D or the Vice President for centrally funded projects (see no. 3 above for PFA establishment and authorization).
8. Construction Contract or Purchase Order Execution: For small projects, where an individual sub-trade contract sum will be under \$20,000, use of FPM contractual relationships with time and material (T&M) preferred construction vendors is encouraged if the project customer is willing to permit this remuneration method over a quoted lump-sum price. FPM maintains contractual relationships with many T&M contractors on a preferred vendor basis. Such relationships were established through a competitively solicited process, where the price is based on the actual cost of labor and materials with appropriate (as bid) allowances for mark-up. When a T&M contractor is to be used, FPM shall initiate a standard purchase requisition for each sub-trade which is unique and exclusively associated with each particular project. The Senior Director will provide the AVP with a weekly summary of purchase requisitions issued whose value exceeds \$10,000. For larger projects, where the aggregate of construction activities is expected to exceed \$50,000 FPM may prepare and submit a Contract for Construction for execution following a competitive bidding and qualification process that yields a determination of the lowest qualified, usually lump-sum, competitive bidder.

When submitting a construction contract or purchase requisition for execution, it shall be accompanied by a "Design and Construction Project Milestone Checklist for Construction". The Checklist must acknowledge all milestones listed ahead of construction contract or purchase requisition execution by providing a sign-off and the date that the milestone was completed. The Checklist shall become part of the project records, and shall be available for review upon request.

9. Construction Contract Purchase Order: After execution of the Contract for Construction by both the constructor and the University, a copy of the Contract and a related purchase requisition shall be submitted to Purchasing for processing. Purchasing will issue the purchase order number. The constructor can be authorized to proceed once the purchase requisition is executed by the Senior Director.
10. Pre-construction Conference: Prior to issuing an authorization to commence construction to the contractor, the FPM project manager shall hold a pre-construction conference. Attendance at this meeting shall include the FPM project manager and representative(s) of the construction firm. Invitations to attend this meeting shall be offered to the A/E firm, a primary customer representative, and the building engineer and custodial supervisor responsible for the building where the project will be implemented. At or before the pre-construction conference, the FPM project manager must obtain emergency contact information from the contractor and sub-contractors. Additionally, project coordination and logistical information should be communicated to the customer, building engineer and custodial supervisor to enhance their understanding of probable impacts during construction. Refer to related Design and Construction Services department practices for further details regarding the pre-construction conference.
11. Issue Authorization to Proceed: The Associate Vice President for Facilities Planning and Management, and / or the Vice President for Finance and Business Operations, and / or the Vice President of Governmental Affairs will always be in attendance at Board of Governors and JCOS meetings when construction projects are approved. Accordingly, one of these individuals will be able to represent that final project approval has or has not been granted. A Contract for Construction shall not be executed until appropriate final approval(s) have been granted. When the Contract for Construction is submitted to the Vice President for Finance and Business Operations for execution, the Contract shall be submitted with all of its supporting documentation.

The constructor shall not be authorized to proceed until the project's PFA has been established and fully funded, unless an exception is made by the Vice President (i.e. bond funded projects or projects supported by pledged gifts), until the contract has been fully executed, a purchase requisition has been issued, a performance and payment bond received, and a project specific Certificate of Insurance is filed with


Risk Management. Then, and only then, shall the constructor be authorized to proceed with construction.

12. Construction Phase and Change Orders: During construction and with respect to the Contract's initial scope of work, change is often experienced. When changes in the scope of work impact the contract sum or contract time, an executed Change Order is required to amend these obligations. Using the Preliminary Project Cost and Schedule Impact Report, it shall be the FPM project manager's responsibility to secure acknowledgements of the anticipated change, and to submit an applicable Change Order for execution within the next 30 day payment application cycle of the project. This Change Order processing requirement applies to both A/E firms and constructors.
13. Punchlist Phase: When substantial completion is achieved, the project team shall work diligently to address all project punchlist items within 45 days.
14. Close – Documents: When all punchlist items have been addressed and final completion is achieved, the project team shall work diligently to secure project close-out documents within 30 days.
15. Reconcile and Close PFA: When all project close-out documents have been received and accepted, the FP&M project manager shall reconcile all PFA transactions and request PFA closure within 45 days. Fiscal Operations will be requested to close accounts and transfer any remaining balances back to the originating accounts funded by S/C/D. For accounts funded from the Plant Fund or other reserves, the balance will be transferred back to those reserves. For other centrally funded accounts, any remaining balance is to be transferred to one of the Plant Fund reserves held by the Vice President.

Failure to comply with this policy may result in formal disciplinary action, up to and including termination of employment.


Where appropriate, further details will be developed as needed. This process description and policy statement was reviewed and approved by:

James R. Sears
Associate Vice President
Facilities Planning and Management


signature

12-9-10
date

John L. Davis
Vice President
Finance and Business Operations


signature

12/9/2010
date