

Attachment 1

BOARD OF GOVERNORS MINIMUM CRITERIA AND PROCEDURES FOR DELEGATION

Senate Bill 862 as ratified by the 1997 session of the General Assembly and modified by Senate Bill 914 effective January 1, 2002 confers on the Board of Governors authority to manage capital projects costing \$2,000,000 and less. The Board is further authorized to delegate that authority to constituent and affiliated institutions of The University that qualify for such delegation under guidelines adopted by the Board and approved by the State Building Commission and the Director of the Budget.

Constituent and affiliated institutions may qualify for such delegation if they possess the following minimum capabilities:

- **Selection of Architect/Engineer** – will continue to be selected by universities and Boards of Trustees. Boards of Trustees will be encouraged to expedite the designer approval process either through delegation of limited authority to the Chancellor for designer selections or increased delegation to sub-committees of Trustees for designer approvals or a combination of the two.
- **Design Fee Negotiation and Preparation of Design Agreements** – This authority can be effectively delegated to those institutions who have an architect or professional engineer licensed in North Carolina on staff with experience in design fee negotiation to conduct the design fee negotiations. The design agreement will be signed by a person authorized to commit the University.

Required for Delegation: an architect or professional engineer licensed in North Carolina.

- **Design Review and Coordination of Design Reviews with Other Agencies of State Government** – This authority can be effectively delegated to those universities who have a North Carolina licensed architect or professional engineer on staff dedicated full time to

management of capital improvement projects and a Capital Project Coordinator. Also, the delegation would be dependent upon the presence on staff of an engineer or architect to supervise management level and limited technical reviews of the plans and specifications for the technical area being addressed by the capital improvement project. This capability, i.e., the presence of an engineer or architect on staff can be substituted by the employment of a project management firm. Employment of a project management firm does not substitute for the presence of the North Carolina licensed architect or professional engineer on staff and a Capital Project Coordinator (CPC). The functions of the project management firm may include, but not be limited to:

1. coordination of plans and specifications reviews by other agencies of state government, including need for special licenses, permits, and life cycle analyses;
2. limited technical review and value engineering of plans and specifications;
3. interaction with the project designer to bring the cost estimate within budget;
4. serve as technical advisor to the institution on all matters concerning the project.

Required for Delegation: 1 architect or professional engineer licensed in North Carolina and 1 CPC (one person if architect or PE has attended school for CPC) and management level planning and technical review capability through in-house staff or a project management firm.

- **Advertisement for Construction Bids, Bid Opening, Bid Evaluation, and Award Recommendation** – This authority can be effectively delegated to those universities who have a North Carolina licensed architect or professional engineer on staff involved full time in management of capital improvement projects and a trained CPC. Further, the institution must have available the services of an attorney versed in construction contract law or the services of a project management consultant who has an attorney on staff versed in contractual law may also be used. If an institution secures private legal services, those services shall not be provided by an individual or a firm which is currently representing parties involved in litigation against The University of North Carolina and/or any constituent institution of The University.

Required for Delegation: 1 architect or professional engineer licensed in North Carolina, 1 CPC (one person if architect or PE is CPC), 1 attorney (or equivalent capability through the project management firm).

- **Construction Contract Award** – The contract award approving authority will rest in UNC-General Administration. The construction contract award recommendation can be prepared by institutions who have the capability described under advertisement for bids, etc. above. In fulfillment of its responsibility for authorization of contract award, the University of North Carolina General Administration will review the proposed award action with the Director of the Budget to permit approval to be granted in accordance with G.S. 143-31.1. Please note that following contract preparation and signature, the institution will be required to submit the construction contracts to its University Attorney for review as to form.
- **Pre-Construction Conference and Issuance of Notice to Proceed** – This authority can be delegated to all institutions subject to advice and counsel from the project designer, trained CPC, and project management consultant (if employed).
- **Work in Progress (Construction Management)** – This authority can be effectively delegated to those universities who have a degreed architect or engineer on staff dedicated full time to management of capital improvement projects and a trained CPC. Employment of a project management consultant may be necessary for scheduling or additional assistance.

Required for Delegation: 1 degreed architect or professional engineer, 1 CPC.

- **Change Order Management** – Modification of a construction contract through change order is subject to the presence of the same level of management capability that exists under the function: advertisement for bids, etc. The exception is that the contract modification can be executed at the institutional level for the institution which has the capability described in this section. General Administration approval is not required.
- **Dispute Resolution** – This function will be performed at the campus level with escalation to UNC-General Administration if it cannot be successfully resolved there.
- **Final Acceptance and Close-Out** – The function of final project acceptance by the institution currently rests with the Boards of Trustees of the institution. Modification to G.S. 143-341 covered by Senate Bills 862 and 914 would further delegate to the Board of Governors the technical review and acceptance of a completed project on behalf of the State of North Carolina. The State Electrical Inspector will be involved in final project acceptance as required by G.S. 133-1.1(d). The recommendation to the Board of Trustees for acceptance of the completed work can only be made by an organization having the staff capability

described under design reviews above. Acceptance and approval of final close-out documents must also be conducted by the same level of staff capability.

- Summary of minimum criteria for full delegation of authority granted to Board of Governors:
 - 1 architect or professional engineer licensed in North Carolina dedicated full time to capital improvement projects
 - 1 trained capital project coordinator as supported by technical staff
 - 1 attorney on staff or under contract
 - 1 available project management firm or appropriate in-house technical staff capability

If a constituent or affiliated institution does not possess, independently, one or more of the foregoing capabilities, the Board of Governors nonetheless may delegate authority to the institution if the requisite capability is achieved through Board-approved use by the institution of private consultants or of specified support from other constituent or affiliated institutions. Those institutions that require such supplementation of their capabilities shall be designated, for these purposes, as *Supported Campuses*; those campuses that can provide such supplemental support, in addition to independently assuming responsibility for their own capital projects, shall be designated as *Supporting Campuses*; those institutions capable of assuming responsibility for their own capital projects, but not capable of providing support to others shall be designated as *Independent Campuses*.

In determining whether a campus shall be designated as *Supported*, *Supporting*, or *Independent*, the Board of Governors will cause the following types of analyses to be made:

1. An assessment of staff capability, including (a) professional specialists, such as architects and engineers, with appropriate licenses, (b) technical support personnel, (c) staff attorneys knowledgeable in the area of construction projects, and (d) trained and appropriately experienced capital project coordinators (CPC).

2. A review of recent institutional audit reports concerning facility management and financial management of capital facility projects; negative audit findings would be grounds for not authorizing an institution to function as either a *Supporting Campus* or an *Independent Campus*.

3. A consideration of geographical proximity of various institutions, so as to maximize the feasibility and efficiency of designating a particular institution to provide support to another institution.

Based on such assessments, the Board of Governors, on recommendation of General Administration may make or withdraw delegation as an "independent campus."