

029-2 Capital Project Approval Process

Effective Date: February 2015

Policy Statement

This policy outlines the University's procedures for reviewing and approving capital improvement projects. Such projects include new construction, renovations, infrastructure and information technology improvements that serve to enhance the physical assets of the University.

Reasons for the Policy

The purpose of this policy is to:

- Provide for consistent documentation of capital project proposals, which defines the purpose, scope, budget, funding source, operating budget impact, schedule and other project details
- Establish appropriate levels of approval for capital projects

Primary Guidance to Which This Policy Responds

There is not a primary policy to which this policy responds. It is consistent with best practices.

Responsible University Office and Officer

The Office of Management and Budget (OMB) is responsible for the maintenance of this policy, and for responding to questions regarding this policy. The Budget Director of Capital Planning is the Responsible Officer.

Revision History

This policy was first established in July 2007 and was revised in April 2014 and February 2015.

Who is Governed by This Policy

All University staff and officers who play a role in the approval and execution of capital projects.

Who Should Know This Policy

Senior Executive Officers, Deans, Vice Presidents, Senior Administrative Officers, Departmental Administrators

Exclusions and Special Situations

The University Trustees, President, Senior Executive Vice President, as a situation warrants and at their discretion, may override this policy.

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Policy Text

Background

Capital spending at Columbia is guided by the University's rolling Capital Plan, which is reviewed periodically by the University Trustees. The Capital Plan includes three categories of spending:

- Active projects - projects that have been through the Capital Project Approval process and have been authorized to proceed
- Planned projects - projects that have already been accepted into the Plan presented to the Trustees, but have not yet been through the Capital Project Approval process
- SOGR programs – annual programs that have already been accepted into the Plan presented to the Trustees and are part of either the Morningside Columbia University Facilities (CUF) or the Columbia University Medical Center Facilities (CUMC Facilities) state-of-good-repair programs (SOGR)

For active and planned projects, spending cannot occur until the individual project has been through the approval process outlined in this document. For SOGR programs, approval is granted each year by the Trustees for the following fiscal year's spending when the annual Operating Plan and Capital Budget is approved. The policy outlined below is used: (1) to guide projects from "planned" to "active" and (2) to add new projects to the Plan. It does not apply to SOGR program spending.

Project Initiation

CUF and CUMC Facilities initiate and manage all "bricks and mortar" capital projects on the Morningside, Manhattanville and Medical Center Campuses. Information technology (IT) projects may be managed by CUIT, or another administrative department such as Finance or Human Resources, depending on the scope and purpose of the project.

Capital projects include new construction, renovations and infrastructure improvements that serve to enhance the physical assets of the University as well as large equipment purchases and improvements in major information systems. The request for a capital project can be initiated by a school, department, institute, center or by the Central University – hereafter referred to as the Client – via an online project request form found at <http://www.facil.columbia.edu/project/>. The request should briefly identify the purpose and need of the project, as well as define any associated goals or objectives. It should also briefly discuss the general scope, space identified for the project, funding strategy, schedule, and special requirements or considerations.

Project Definition & Preliminary Design

Once transmitted to CUF or CUMC Facilities, all project requests undergo an initial categorization process in which the feasibility of the project is evaluated. If they are deemed viable, projects move first to the Project Definition phase, and then to the Preliminary Design phase. These two preliminary phases consist of the following actions:

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1. Project Definition	2. Feasibility Study/ Preliminary Design
<ul style="list-style-type: none">• Definition of Program• Consideration of Relocations• Identification of Building Impacts• Development of Test-Fit Floor Plan• Preparation of Conceptual estimates• Identification of Project Funding	<ul style="list-style-type: none">• Authorization of Feasibility Study/ Preliminary Design• Consideration of Design Options• Preparation of Design Contract Documents• Development of Construction Budget• Development of Project Schedule• Assignment of Project Manager

Once it has been determined that a feasibility study is required, the Client is provided with a Project Authorization Form that must be signed and returned to CUF or CUMC Facilities. Once the total anticipated cost of the project is identified, a Project Document or Project Authorization Form is prepared to obtain approval from OMB, the Capital Budget Issues Committee (BIss) and the Physical Assets Committee of the Trustees as required.

Documentation

The documentation and level of approval required is governed by the total anticipated cost of the project. An exception may be made in cases where the project consists only of a study or schematic design, which will inform the development of a capital project at a later date. In this case, it is the total cost of the study that determines the necessary documentation and level of approval. Documentation is prepared by the executor of the project – CU Facilities for Morningside and Manhattanville “bricks and mortar” projects, CUMC Facilities for “bricks and mortar” projects on the CUMC campus and CUIT for Information Technology projects.

- Projects with a total project cost up to and including \$50,000 and projects greater than \$50,000 that are not capital in nature: Projects in this category should be expensed, as per the guidelines of the Controller’s Office, and are not considered to be “capital” projects. Please refer to the “Definitions” section at the end of this document for information on determining whether or not an expense can be capitalized. Projects in this category require a Project Authorization Form, a one-page document which briefly describes the scope of work, project budget and any impact to the operating budget that will result from the project (see appendix for sample).
- Projects with a total project cost above \$50,000 but less than \$250,000 and funded with departmental funds: Projects in this category are considered to be “capital” projects and require a Project Authorization Form.

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- Projects with a total project cost of \$250,000 and above and any project requiring debt funding: Projects in this category require a Capital Project Document (see appendix for samples). The project document is composed of twelve categories:

1. Statement of Purpose and Need	7. Sustainable Design
2. Project Scope	8. Safety and Security
3. Project Budget	9. Consideration for the Disabled
4. Project Financing	10. Mode of Accomplishment
5. Maintenance and Operations	11. Certificate of Occupancy
6. Energy Considerations	12. Project Schedule

The project document also includes a signature page, which for CUF projects requires the signature of the respective Client(s) and two mandatory signatures: Executive Vice President Columbia University Facilities and Operations and Vice President, Budget and Financial Planning OMB. For CUMC Facilities projects, the signature page requires the signature of the respective Client(s) and three mandatory signatures: Vice President, Columbia Medical Center Facilities, Chief Financial Officer, CUMC and Vice President, Budget and Financial Planning OMB. For IT projects, the signature page requires the signature of the respective Client and two mandatory signatures: Vice President, Information Technology and Vice President, Budget and Financial Planning, OMB.

Capital projects that are either partially or totally funded with grants must also follow the University guidelines governing grants. Please see the INITIATING A SPONSORED PROJECT AWARD section of the University's Sponsored Projects Handbook at: <http://sponsoredprojectshandbook.columbia.edu>. Project expenses funded by grants must be charged to the appropriate ARC Sponsored Project.

Approval Thresholds

In general, project documents should be submitted, when applicable, through the following phases: feasibility, design and construction. As indicated in the chart that follows this section, capital projects are subject to the following three successive levels of approval, dependent on the total project cost.

- Capital projects under \$500,000 and requiring no debt: These projects are approved by OMB. Once the availability of the funding sources has been verified, the project is approved.
- Projects costing \$500,000 and above and any project requiring debt: These projects must be submitted to the Capital Budget Issues meeting (BIss) for approval after receiving approval from OMB. Members of BIss include the Senior Executive Vice President, the Executive Vice President for Finance and the Provost, plus supporting staff. The Executive Vice President for CU Facilities and Operations will present the project documents to Capital BIss. The schedule of Capital BIss meetings must be constructed such that sufficient time is allowed for review and edit of project documents in advance of the scheduled quarterly meeting of the Trustees. Projects in this category that are

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approved by BIss but do not require explicit Trustee approval (see Trustee threshold below) will be summarized for informational purposes at the next scheduled Trustee meeting.

- Projects over \$1M with debt and any project over \$2M: In addition to both OMB and Capital BIss approval, these projects must also be approved by the Committee on Physical Assets of the University Trustees. Capital Project documents must be submitted to the Secretary’s Office before the established deadline to be considered by the Committee.

Funding	Project Cost	Required Level of Approval		
		OMB	BIss	Physical Assets
No Debt	\$0-\$0.5M	X		
	\$0.5M-\$2.0M	X	X	
	>\$2.0M	X	X	X
Debt	\$0-\$1.0M	X	X	
	>\$1.0M	X	X	X

Note: After a project has commenced, it may require additional approvals if the estimated total approved project cost increases. If a project is projected to exceed the total approved project cost by less than or equal to 10% then the project may proceed with written approval from the Client. If a project is projected to exceed the total approved project cost by more than 10% then a revised Project Authorization Form or Capital Project Document must be created and routed to the appropriate approval body as indicated above.

Funding Requirements

In addition to describing and justifying the project, the presenter(s) of the Capital Project Documents must be prepared to explain and verify the following:

- Funding (debt) – Any debt required must already be included in the Capital Plan. If the project increases the total amount of debt in the Plan, this must be explicitly approved by the Executive Vice President for Finance prior to the submission of a project document. Provisions for servicing all debt must be made in the appropriate unit’s operating budget.
- Funding (departmental funds) –The total amount of the required departmental funds must be transferred as soon as the project is approved. These transfers must also be included in the budget. If endowment funds are a source of funding, decaps must be made before the project is approved to protect against market fluctuations. Note: decaps must be budgeted and approved prior to the beginning of each fiscal year. • Funding (gifts) – Proposed gift funding must be 100% in-hand or pledged in the form of a signed, irrevocable pledge agreement. The

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projected timing of receipt of gifts should be communicated to OMB. If project expenses outpace the gift receipts, the funding gap must be approved by the CFO. Interest will be charged at the end of each fiscal year.

- Operating Budget Impact – The sponsoring unit must have the ability in their operating budget to absorb the estimated new or incremental operating costs (energy, O&M) that result from the project as well as the associated debt service. For projects with significant financial implications, clients must review the operating budget impact with OMB prior to submission of the project document.

New Project Creation

- For projects with a total project cost up to and including \$50,000 funded with departmental funds and projects greater than \$50,000 that are not capital in nature and are funded with departmental funds, project expenses will be associated with an Unrestricted ARC “project” (a UR project). A new ARC “activity” should be created to record the expenses for each new project falling into this category. An expense amount must be budgeted for each activity in the SKIRE project management system, which will pass these budgets to ARC. The Commitment Control function in ARC will prevent an expense from being processed that would make the total expenses on the ARC project/department combination exceed the total budget for the project/department combination.
- For capital projects with a total project cost above \$50,000 but less than \$250,000 and funded with departmental funds, project expenses will be associated with a Capital ARC “project” (a CP project) titled “Miscellaneous [School or Department name] Capital Projects”. A new ARC “activity” should be created to record the expenses of each new capital project. An expense amount must be budgeted for each activity in the SKIRE project management system, which will pass these budgets to ARC. The Commitment Control function in ARC will prevent an expense from being processed that would make the total expenses on the ARC project/department combination exceed the total budget for the project/department combination.
- For capital projects with a total project cost of \$250,000 and any project requiring debt funding, project expenses will be associated with a discrete Capital ARC “project” created specifically for that project. An expense amount must be budgeted for each “activity” associated with the new ARC “project” in the SKIRE system, which will pass these budgets to ARC. The Commitment Control function in ARC will prevent an expense from being processed that would make the total expenses on the capital project/department combination exceed the total budget for the project/ department combination.

Quarterly Closing Process

As part of the quarterly close process, the sponsor department must clear all accumulated overdrafts associated with their projects. The only permissible reason for an outstanding

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overdraft beyond the close is a pledged gift or grant for which the funds have not yet been received. Only overdrafts resulting from timing differences between project spending and the receipt of documented pledge payments or grants will be permitted to remain at the close of each quarter. An interest expenses may be charged to the project on the unfunded overdraft. No additional, new capital project proposals will be approved if existing projects have not been fully funded as described above.

Responsibilities

CUF, CUMC Facilities and OMB – responsible for the creation and guidance of project documents through the approval process as described above, as well as entering budgets for these new capital projects in SKIRE

OMB – responsible for analyzing the operating budget impact of new capital projects when they are proposed and verifying project funding

Capital Blss – responsible for review and approval of capital projects as outlined above

Budget Director, Capital Planning – responsible for responding to inquiries regarding Capital Project Approval process

Definitions

Capital Project - The University capitalizes construction costs that have a value or cost in excess of \$50,000 at the date of acquisition. Renovations in excess of \$50,000 are capitalized if they significantly extend the useful life of the existing asset or otherwise enhance its capacity to render service. Capitalized construction and renovation projects occur only on University owned or leased space. Capital projects are depreciated over their estimated useful lives ranging from ten to forty years.

Contacts

Responsible Officer – Frank Lombardo, Budget Director, Capital Planning, (212) 854-6784, fjl11@columbia.edu

Cross References to Related Policies

<http://sponsoredprojectshandbook.columbia.edu>

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Appendix

**COLUMBIA UNIVERSITY IN
THE CITY OF NEW YORK
DESIGN AND CONSTRUCTION
CAPITAL IMPROVEMENT PROGRAM - PROJECT COST ESTIMATE**

DATE:
TO:
FROM:
PROPOSED PROJECT:

Your office has requested the [Select one from the list] work of

The estimated project budget is \$. The cost of each item is listed on the attached Project Estimate sheet. Please note, that this budget is based on work performed during regular construction hours: **Monday through Friday, 8:00 a.m. to 4:00 p.m.** Should you require the work to be phased or performed on off hours or if the work is interrupted for a period of time, additional costs may result. We will require your approval for any related budget increase.

Maintenance and Operations Costs

As a result of this [Select one from the list] work, yearly maintenance and operations costs [Select one from the list] by \$ due to . These costs will be the responsibility of _____.

Energy Considerations

As a result of the [Select one from the list] work, yearly energy costs [Select one from the list] by \$ due to . These costs will be the responsibility of _____.

Safety and Security

As a result of the [Select one from the list] work, yearly safety and security costs associated with this project will be \$ due to . These costs will be the responsibility of _____.

If you find this estimate to be satisfactory and you wish to proceed, please sign and return a copy of this memorandum (a copy has been attached for your convenience). Kindly include an ARC Department account number and name so that an ARC Project can be created for the charges to be incurred. Once we have received your department's approval, a project schedule will be prepared. At the completion of the project and upon reconciliation of all outstanding invoices and payments, you will be provided with an accounting of project costs.

For Client's Use

Departmental Approval Signature: _____

Date: _____

Account Number: _____

For Facilities Finance Use

Bill Back: _____ **Capital Reserve:** _____ **Project Document:** _____

Attachments: Project Budget Summary
Project Estimate Worksheet
Scope Drawing

Project Document

LEWISOHN HALL **SCHOOL OF CONTINUING EDUCATION** **OFFICE RENOVATION** **500 Level** **Construction Phase**

Statement of Purpose and Need

The School of Continuing Education's growing program requires additional space. An area of approximately 3,200 square feet previously dedicated to the School's American Language Program has been identified to house the required additional program administration and faculty space. Reconfiguring the space on the 500 level of Lewisohn Hall into a more efficient layout will allow the American Language Program to operate in a smaller footprint which will free up space for this project.

Project Scope

The scope of work will include the full renovation of suite 504 in order to provide new offices, meeting rooms, reception areas, a conference room, cubicles for administrative staff and adjunct professors, storage rooms and administrative support areas. The renovation will include new finishes, furniture and the upgrade of the mechanical and electrical systems. It will also include a new CUIT closet on the 600 level which will provide capacity for 100-megabyte service to all of level 400, 500 and 600, which will complete the IT infrastructure needed for the entire building.

Project Budget

	Previous Request	Current Request	Total Request
Construction	\$6,655	\$885,750	\$892,405
Furniture, Fixtures and Equipment	0	297,000	297,000
A/E Fees and Expenses	86,817	15,896	102,713
Contingency	0	121,000	121,000
Commissioning	0	12,750	12,750
Collateral Moves	0	30,000	30,000
Project Management	7,582	85,550	93,132
Total	\$101,054	\$1,447,946	\$1,549,000

Project Financing

The current request of \$1,447,946 will be funded by Arts and Sciences' operating reserves. The total cost of the project, which is based upon the proposed scope of work and derived from bids received, is \$1,549,000. The final allocation of sources of funding will be made prior to the issuance of University debt.

This is a declaration of official intent for purposes of United States Treasury Regulations Section 1.150-2. The maximum principal amount of bonds expected to be issued to permanently fund the project, based on current cost estimates is \$1,549,000 plus costs of issuance and any reserves established in connection with the bonds. To the extent that costs increase, it is expected that the principal amount of bonds will be increased to fund the project. Any costs temporarily financed on an interim basis with University funds are expected to be reimbursed with bond proceeds to the extent that such costs are not funded with external sources and to the extent the University does not elect to permanently finance such costs with University funds.

Operations and Maintenance

Any increase in operations and maintenance costs will be determined during this phase of the project. These costs, once determined, will be the responsibility of Arts and Sciences.

Energy Considerations

Any increase in energy consumption costs will be determined during this phase of the project. These costs, once determined, will be the responsibility of Arts and Sciences.

Sustainable Design

Sustainable elements of the project will include re-cycling of construction materials and debris, the use of recycled carpet, energy efficient lighting and low solvent volatile organic compound paint. Costs associated with these sustainable components will be negligible.

Safety and Security

This project will be constructed in accordance with all University and New York City safety and security regulations.

Consideration for the Disabled

This project will be constructed to be in compliance with the Americans with Disabilities Act requirements.

Mode of Accomplishment

The firm of Mitchell Giurgola Architects, an architectural firm, has provided the design services. Construction services will be provided by a general contractor to be selected during this phase of the project. Columbia University Facilities Capital Project Management will provide project management services. All vendors are selected in accordance with University procurement procedures.

Certificate of Occupancy

This project will not affect the Certificate of Occupancy.

Project Schedule

This phase of the project is scheduled to be completed in June 2012.

Approved by:

Joseph A. Ienuso, Executive Vice President, Columbia University Facilities

Date

Kristine A. Billmyer, Dean, School of Continuing Education

Date

Nicholas B. Dirks, Executive Vice President, Arts and Sciences

Date

Nancy K. Johnson, Vice President, Budget and Financial Reporting

Date

SAMPLE

Project Document

COLUMBIA UNIVERSITY MEDICAL CENTER
WILLIAM BLACK AND
PHYSICIANS AND SURGEONS BUILDINGS
CORRIDOR UPGRADES AND
ALUMNI AUDITORIUM REFRESH
Design and Construction Phase

Statement of Purpose and Need

Columbia University Medical Center (CUMC) has identified the need to update and repair the public corridors of the main entries to the Physicians and Surgeons (P&S) and the William Black (Black) buildings. Over the last 30 years, the continuous use by faculty, staff and students along with various delivery vendors has left the P&S and the Black buildings with outdated, congested entrances and worn corridors in need of restoration and updating. Similarly, the high volume in usage of the Alumni Auditorium for classes, public events and other group assemblies has intensely worn this campus resource establishing the need for restoration.

Project Scope

This request seeks funding for the design and construction of the entries and lobby areas of the Physicians and Surgeons and William Black buildings and cosmetic improvements to the Alumni Auditorium, representing approximately 7,027 net assignable square feet. In addition to abatement and electrical upgrades as needed, the scope of work will include the upgrade of all hardware and signage to ADA standards, the replacement of old flooring, the installation of energy efficient lighting throughout the entryways and corridors and new finishes to make the space more welcoming. The scope of work for the Alumni Auditorium will include the installation of new carpeting, improved lighting, refinished wood surfaces and fresh paint.

Project Budget

	Total Request
Construction	\$686,409
A/E Fees and Expenses	170,000
Furniture, Fixtures and Equipment	48,970
Contingency	90,538
Project Management	59,755
Total	\$1,055,672

Project Financing

The total request of \$1,055,672 will be funded by CUMC with \$900,000 in reserves residing in account #0-71142 and \$155,672 from the CUMC fiscal year 2012 state of good repair annual allocation. The final allocation of sources of funding will be made prior to the issuance of University debt.

This is a declaration of official intent for purposes of United States Treasury Regulations Section 1.150-2. The maximum principal amount of bonds expected to be issued to permanently fund the project, based on current cost estimates is \$1,549,000 plus costs of issuance and any reserves established in connection with the bonds. To the extent that costs increase, it is expected that the principal amount of bonds will be increased to fund the project. Any costs temporarily financed on an interim basis with University funds are expected to be reimbursed with bond proceeds to the extent that such costs are not funded with external sources and to the extent the University does not elect to permanently finance such costs with University funds.

Maintenance and Operations

This phase of the project will have no effect on operations and maintenance costs.

Energy Considerations

This phase of the project will have no impact on energy consumption.

Sustainable Design

Sustainability considerations will be incorporated into the project.

Safety and Security

This project will be designed to be in accordance with all University and New York City safety and security regulations.

Consideration for the Disabled

This project will be designed and constructed to be in compliance with the Americans with Disabilities Act requirements and NYC Local Law #58.

Mode of Accomplishment

The firm of 1100 Architects, P.C., an architectural firm, will provide design services. Construction management will be provided by a construction management to be selected during this phase of the project. Project management will be provided by the Columbia University Medical Center's Facilities Capital Project Management Department. All vendors are selected in accordance with University procurement procedures.

Certificate of Occupancy

This project will not affect the Certificate of Occupancy of the Physicians and Surgeons and William Black buildings.

Project Schedule

This phase of the project is scheduled to be completed in the summer of 2012.

SAMPLE

Approved by:

Amador Centeno, Vice President, Columbia Medical Center Facilities

Date

Joanne M. J. Quan, Chief Financial Officer, Columbia Medical Center

Date

Nancy K. Johnson, Vice President, Budget and Financial Planning

Date

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