

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 2, 2004

COMMITTEE: Full Board

AGENDA ITEM: Policy Discussion on Physical Planning and its Relationship to the Mission of the University

BACKGROUND: At its April 17, 2004, meeting the Board held a policy discussion on physical planning as it relates to the mission of the University. The discussion was part of the University's renewed effort to plan more fully and comprehensively. It recognized the significant role land use and related physical planning will play in the University's ability to achieve its "Virginia 2020" goals for excellence in the arts, humanities, sciences, professional schools, and other ancillary areas.

The objective is to improve existing physical planning policies and procedures to ensure that physical planning works in close harmony with academic and financial planning to develop workable strategic plans that accomplish institutional goals within the allotted time and budget. The discussion, lead by the Architect for the University, focused on the general approach and related policies that are needed to ensure a strong and vital physical planning role within the governance and leadership of the institution. Specific topics included 1) approval of the capital plan, 2) charge of the Buildings and Grounds Committee, 3) funding requirement for project initiation, 4) approval of the appointment of architects, engineers, and builders, 5) reporting on land use and central grounds plans, and 6) funding for operating costs for new capital facilities.

The Board supported the overall recommendations made by the Administration with the understanding that the Board's role should be limited to policy and that the Administration should be responsible for implementation. The Board asked the Executive Vice President and Chief Operating Officer to prepare a final set of recommendations for its action.

DISCUSSION: The physical planning and development process is the responsibility of the Board of Visitors, the Architect for the University, and the Vice President for Management and

Budget. For its part, the Board of Visitors is responsible for 1) approval of capital projects and the six-year capital outlay plan, 2) approval of architect and engineer selections, 3) approval of project designs, and 4) approval of funding plans. The Architect for the University is responsible for overall land-use planning and related physical planning, including selection of design consultants, capital project formulation, historic preservation/conservation, architectural design, landscape design and related Grounds plans and guidelines, and related day-to-day implementation decisions. In addition, collaboration with various state and local agencies related to these areas are delegated to this Office. The Vice President for Management and Budget has overall responsibility for budgetary planning, state authorizations, project management, and facilities operations and maintenance.

The Board has existing policies, entitled "Procedure for Involvement by the Buildings and Grounds Committee in Design Review of Capital Projects" [APPENDIX A] and "Procedure for the Selection of Architects and Engineers" [APPENDIX B]. These policies, however, do not address all of its responsibilities with regards to the capital planning process. Revising and expanding them is required to more fully define the Board's responsibilities and, at the same time, improve the University's physical planning process. It is recommended that to enact these changes the Board adopt a new policy entitled "Policy for Involvement of the Board of Visitors in the Capital Planning Process" and that this new policy supersede the existing policies. This avoids the need to update two separate procedures and places all of the capital process procedures in one document.

Based on guidance from the Board at the April 17th meeting and on further review by the Administration, the following represent the final policy recommendations for physical planning.

1. Capital Plan:

While Board of Visitors' approval of the University's Six-Year Capital Outlay Plan, and individual projects outside of the Six-Year Capital Outlay Plan, has traditionally been based on a recommendation of the overall plan by the Buildings and Grounds Committee and on approval of the funding plans by the Finance Committee, Board approval is to be expanded to include endorsement of the programmatic concept and justification for each capital project. To facilitate these approvals, the

Buildings and Grounds Committee shall recommend the Six-Year Capital Outlay Plan to the full Board with the advice and consent of the chair or chair's designee of the appropriate committees. For programmatic endorsements, advice and consent would be sought from the Educational Policy Committee (academic projects), Medical Center Operating Board (hospital/clinical projects), Student Affairs and Athletics Committee (student activities and athletic/intramural projects) and the Committee on the College at Wise. For endorsement of the funding plans, advice and consent would be sought from the Finance and External Affairs Committees. Infrastructure plans shall be reviewed by the Buildings and Grounds Committee.

2. Buildings and Grounds Committee Charge:

The Board policy entitled, "Procedure for Involvement by the Buildings and Grounds Committee in Design Review of Capital Projects" [APPENDIX A] is changed as follows and incorporated into the Policy for Involvement of the Board of Visitors in the Capital Planning Process:

a. In the title of the policy, replace the term "design review" with the term "development review."

b. Change the first stage review to be "Concept, Site and Design Guidelines." This modification allows the committee to set its expectations with regards to a project's 1) program, 2) scope, 3) anticipated budget, and 4) expected schedule.

c. Add "Contract Review" to inform the Committee of the selected builder, the anticipated schedule to occupancy, and the project budget. If, as a result of bidding, a project's budget must be increased by more than 10 percent, the Committee's action, as well as action by the Finance Committee, will be required before the contract is awarded. If, to stay within its budget, a project's scope must be reduced by more than 10 percent, the Committee's action will be required before the contract is awarded.

3. Funding Requirement for Project Initiation:

To ensure that funding for construction projects is available when needed, the start of construction for projects with private funding components may begin only when 100 percent of the required cash and written enforceable pledges on a present-value basis are in hand and 100 percent of the cash is projected to be in hand prior to the completion of construction.

If the enforceable pledges will not be in hand prior to the completion of construction, the project may be allowed to proceed into construction if the project proponent can demonstrate that it has the funding to cover short-term financing costs. Exceptions to this policy must be approved by the Executive Vice President and Chief Operating Officer in consultation with the Chair of the Finance Committee.

If, during the design of a project, fund raising lags behind projections, the Administration may stop the design until sufficient funds have been raised, or may set specific fund raising target dates that must be met before a project proceeds to the next stage of project development.

4. Selection of Architects and Engineers:

The current Board policy entitled "Procedure for the Selection of Architects and Engineers" [APPENDIX B] is to be replaced in its entirety with the following:

Selection of Architects and Engineers

a. The Architect for the University shall be responsible to the Executive Vice President and Chief Operating Officer for the management of the selection process and recommendation for contract approval of all consultant architects, planners, and landscape architects. This delegation includes contracts for all new buildings, additions to existing buildings, exterior modification of existing buildings, historic preservation/conservation projects, major landscape projects, and site furnishing projects of \$5 million or less. The Buildings and Grounds Committee shall approve the selection of architects, planners or landscape architects for all projects in excess of \$5 million.

b. The Vice President for Management and Budget shall be responsible to the Executive Vice President and Chief Operating Officer for the management of the selection process and recommendation for contract approval of all engineers. This delegation includes contracts for the design of specific engineering and related infrastructure projects of \$5 million or less. The Building and Grounds Committee shall approve the selection of engineers for all projects in excess of \$5 million project cost.

5. University Land Use and Grounds Plans:

The Architect for the University shall provide an annual status report on the University's Overall Land Use and Grounds Plans to the Buildings and Grounds committee for review and for approval of any proposed major modifications to the currently approved plans.

6. Establishment of Funding for Operations of New Capital Facilities:

Capital projects undertaken by the University involve not only the initial investment to construct a facility or renovate an existing structure, but also the funding of ongoing operating costs. The plan for funding operating costs shall be confirmed before a commitment is made to undertake a new capital project.

APPROVAL OF POLICY FOR INVOLVEMENT OF THE BOARD OF VISITORS IN THE CAPITAL PLANNING PROCESS

WHEREAS, the Board of Visitors approved the "Procedure for Involvement by the Buildings and Grounds Committee in Design Review of Capital Projects" on February 5, 2004 and the "Procedure for the Selection of Architects and Engineers" on May 13, 1993; and

WHEREAS, these procedures define the role of the Buildings and Grounds Committee in the capital planning process; and

WHEREAS, the Board reviewed recommendations to improve the capital planning process on April 17, 2004 as a part of the University's renewed effort to plan more fully and comprehensively; and

WHEREAS, these recommendations improve existing physical planning policies and procedures to ensure that physical planning works in close harmony with academic and financial planning to develop workable strategic plans that accomplish institutional goals within the allotted time and budget; and

WHEREAS, these recommendations are more comprehensive than the approved procedures;

RESOLVED that the "Procedure for Involvement by the Buildings and Grounds Committee in Design Review of Capital Projects," dated February 5, 2004, and the "Procedure for the Selection of Architects and Engineers," dated May 13, 1993, are rescinded; and

RESOLVED FURTHER that the "Policy for Involvement of the Board of Visitors in the Capital Planning Process," be adopted as follows:

Policy for Involvement of the Board of Visitors in the Capital Planning Process

1. Capital Plan: The Board of Visitors shall approve Six-Year Capital Outlay Plans and individual capital projects outside of the Six-Year Capital Outlay Plans, upon the recommendation of the Buildings and Grounds Committee. Approval shall include 1) endorsement of the programmatic concept and justification for each capital project, and 2) financial feasibility of proposed funding plans for construction and operating costs. To facilitate these approvals, the Buildings and Grounds Committee shall seek the advice and consent of the appropriate committees of the Board on the Six-Year Capital Outlay Plans. For programmatic endorsements, advice and consent shall be sought from the chair or the chair's designee of the Educational Policy Committee (academic projects), Medical Center Operating Board (hospital/clinical projects), Student Affairs and Athletics Committee (student activities and athletic/intramural projects) and the Committee on the College at Wise. For endorsement of the funding plans, advice and consent shall be sought from the chair or the chair's designee of the Finance and External Affairs Committees. Infrastructure plans shall be reviewed by the Buildings and Grounds Committee.

2. Development Review of Capital Projects:

a. The Buildings and Grounds Committee shall meet as required with the Architect for the University to review, at the Committee's discretion, all major building projects currently underway, at the following stages: 1) Concept, Site, and Design Guidelines, and 2) Schematic Design.

b. A quorum of the Buildings and Grounds Committee will have the authority to grant approval to projects at either stage with the understanding that particular projects identified by the Chair as especially important will be brought to the Committee for its review and approval at a regular meeting of the Board of Visitors.

c. The Buildings and Grounds Committee will report all of its actions to the Board of Visitors at its next regular meeting.

d. If a schematic design does not receive approval from the Buildings and Grounds Committee, it will be referred back to the Architect for the University for further development of the design concept.

e. The Buildings and Grounds Committee oversight includes "Contract Review," which informs the committee of the selected builder, the anticipated schedule to occupancy, and the project budget. If as a result of bidding, a project's budget must be increased by more than 10 percent, approval by the Buildings and Grounds Committee and the Finance Committee, or their respective chairs, will be required before the contract is awarded. If to stay within its budget, a project's scope must be reduced by more than 10 percent, approval by the Buildings and Grounds Committee, or the committee chair, will be required before the contract is awarded.

3. Funding Requirement for Project Initiation: To ensure that complete funding for construction projects is available when needed, the start of construction for projects with private funding components may begin only when 100 percent of the required cash and written enforceable pledges on a present-value basis are in hand and 100 percent of the cash is projected to be in hand prior to the completion of construction. If the enforceable pledges will not be in hand prior to the completion of construction, the project may be allowed to proceed into construction if the project proponent can demonstrate that it has the funding to cover short-term financing costs. Any exception to this policy shall be approved by the Executive Vice President and Chief Operating Officer with the concurrence of the Chair of the Finance Committee.

If during the design of a project, fund raising lags behind projections, the Administration may halt the design process until sufficient funds have been raised, or may set specific fund raising target dates that must be met before a project proceeds to the next stage of project development.

4. Selection of Architects and Engineers:

a. The Architect for the University shall be responsible to the Executive Vice President and Chief Operating Officer for the management of the selection process and recommendation for contract approval of all consultant architects, planners, and landscape architects. This delegation includes contracts for all new buildings, additions to existing buildings, exterior

modification of existing buildings, historic preservation/conservation projects, major landscape projects, and site furnishing projects of \$5 million or less. The Buildings and Grounds Committee shall approve the selection of architects, planners, and landscape architects for all projects in excess of \$5 million.

b. The Vice President for Management and Budget shall be responsible to the Executive Vice President and Chief Operating Officer for the management of the selection process and recommendation for contract approval of all engineers. This delegation includes contracts for the design of specific engineering and related infrastructure projects of \$5 million or less. The Building and Grounds Committee shall approve the selection of engineers for all projects in excess of \$5 million.

5. University Land Use and Grounds Plans:

The Architect for the University shall provide an annual status report on the University's Overall Land Use and Grounds Plans to the Buildings and Grounds Committee for review and approval of any proposed major modifications to the currently approved plans.

6. Establishment of Funding for Operations of New Capital Facilities:

Capital projects undertaken by the University involve not only the initial investment to construct a facility or renovate an existing structure, but also the funding of ongoing operating costs. The plan for funding operating costs shall be confirmed before a commitment is made to undertake a new capital project.

## APPENDIX A

Buildings and Grounds Committee - February 5, 2004

### Procedure for Involvement by the Buildings and Grounds Committee in Design Review of Capital Projects

1. The Buildings and Grounds Committee shall meet as required with the Architect for the University to review, at the Committee's discretion, any or all of the building projects currently underway, at the two design stages designated by the Committee: Architectural Design Guidelines and Schematic Design.
2. A quorum of the Buildings and Grounds Committee will have the authority to grant approval to projects at any design review stage with the understanding that projects identified by the Chair as being major and/or particularly sensitive will be brought to the Committee for its review and approval during a regular meeting of the Board of Visitors.
3. The Buildings and Grounds Committee will report all of its actions to the Board of Visitors at its next regular meeting; and the Buildings and Grounds Committee may instruct the Chair that it desires to review particular projects only at regular meetings of the Board.
4. Projects failing to win approval at any design review stage from the Buildings and Grounds Committee will be referred back to the Architect for the University for further development.

## APPENDIX B

Buildings and Grounds Committee -

May 13, 1993

### Procedure for the Selection of Architects and Engineers

1. Selection of architects and engineers for Capital Outlay projects shall be submitted for the approval of the Board for all projects meeting the following criteria:
  - a. Any commission or contract for the design of new facilities, additions to existing facilities, or renovations affecting the exterior appearance of existing facilities, regardless of total project cost.
  - b. Any commission or contract for the design of improvements or renovations at a total project cost of \$500,000 or more.
  - c. Any commission or contract to an out-of-state firm for either preplanning studies or design services.
  
2. Selection of architects and engineers for Capital Outlay projects may be approved by the University administration (with prior notification to the Chairman of the Buildings and Grounds Committee) and the Board advised, for projects as follows:
  - a. All preplanning studies not involving out-of-state firms.
  - b. Any commission or contract for the design of improvements or renovations at a total project cost of less than \$500,000, not involving out-of-state firms.