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Office of the President

TO MEMBERS OF THE COMMITTEE ON GROUNDS AND BUILDINGS:

ACTION ITEM

For Meeting of March 17, 2009

DELEGATION OF THE PROJECT CHECKLIST FOR IMPLEMENTATION OF THE PILOT PHASE OF THE REDESIGNED PROCESS FOR CAPITAL PROJECTS

EXECUTIVE SUMMARY

Proposed Action: Delegate to the President development of a project checklist for use in the implementation of the Pilot Phase of the Redesigned Process for capital improvement projects

Previous Actions: **November 2008:** Committee on Grounds and Buildings – Action – Standing Order 100.4 Duties of the President was temporarily amended delegating authority to approve actions necessary to implement the Pilot Phase of the Redesigned Process

September 2008: Committee on Grounds and Buildings – Notice of Intent and Action – Temporary Amendment of Applicable Standing Orders and Regental Policy and Approval of Implementing Guidelines for Pilot Phase of the Redesigned Process for Capital Improvement Projects

March 2008: Committee on Grounds and Buildings – Action – Acceptance of the Report of the Capital Projects Working Group and Approval of Pilot Phase of Process Redesign for Capital Improvement Projects

February 2008: Committee on Grounds and Buildings – Discussion – Progress Report on the Capital Projects Working Group

Future Actions: To be eligible to participate in the Pilot Phase of the Redesigned Process, each campus will seek acceptance by the Committee on Grounds and Buildings of its Capital Financial Plan and Physical Design Framework. These documents will be based on that campus's Strategic Academic Plan and its Regentially approved campus Long Range Development Plan.

RECOMMENDATION

The President recommends that the Committee on Grounds and Buildings recommend to the Regents that authority be delegated to the President to develop a project checklist for use in the implementation of the Pilot Phase of the Redesigned Process for capital projects.

BACKGROUND

In 2007, the University of California initiated efforts to identify specific opportunities to achieve administrative efficiencies within the Office of the President (OP) and across the system. One outcome of those efforts was the recommendation to engage in an in-depth study of the capital project review process and, if warranted, to recommend modifications. A Capital Projects Working Group, comprised of campus and OP representatives and sponsored by the Chair of the Regents' Committee on Grounds and Buildings, was appointed in August 2007, and the Monitor Group facilitated the process. The goal of the Working Group was to develop a proposal to improve the process for reviewing and advancing capital projects. Recognizing that it would take a sustained effort to effect changes in State-mandated procedures, the initial efforts of the Working Group were focused on procedures under control of the Regents. At its March 2008 meeting, the Regents accepted the Report of the Working Group and authorized an 18-month pilot phase to allow assessment of the new process and measurement of impacts.

As noted in the March 2008 Report, implementation of a delegated capital projects approval process will provide increased clarity of roles, accountability, and policies. The Regents will focus their efforts at a strategic level, providing portfolio oversight of high-level planning guides, addressing systemwide issues, and reviewing projects not conforming to the agreed-upon parameters. The role of OP will be more clearly defined as a "service provider," helping campuses identify and mitigate legal or financial risks as well as identify projects that require review and approval by the Regents. Finally, as experts on local conditions and needs, campuses will have greater responsibility and accountability for the successful delivery of most capital projects through an investment in planning and evaluation.

Following the March action by the Regents, an Implementation Team, reporting to the Executive Vice President for Business Operations, was appointed in May 2008 to consider and resolve issues related to the initiation of these new procedures, establish guidelines for participation in the pilot phase, and facilitate implementation of the pilot phase.

Prior to receiving authority to approve the budgets and designs of projects with values equal to or less than \$60 million, campuses must provide the Regents with a Ten-Year Capital Financial Plan and a Physical Design Framework. These documents provide assurance that the plans are integrated and financially feasible and that delegated projects approved by the campus will align with these plans. The documents, in association with the campus's Long Range Development Plan, will provide the Regents with a comprehensive understanding of the frameworks and processes that guide both the long-term physical development and financial strategies being implemented at the campus. This approach will highlight each campus's portfolio of capital

projects and provide contextual information, both physical and financial, regarding campus development to allow the Regents to provide portfolio oversight of capital projects.

To implement the recommendations of the March 2008 Report, a project checklist, among other documents, is being developed to facilitate project compliance with the campus plans and with the approved processes. The checklist provides the Chancellor with a mechanism to attest that a project has not substantially deviated from the campus's Capital and Financial Plan and that it complies with the campus's Physical Design Framework, Regental and Presidential policies, and any legal requirements.

Anticipating that the form of the checklist will undergo modifications and refinement during the Pilot Phase, it is proposed that the Regents delegate to the President authority to develop, and revise as necessary, the project checklist for implementation of the Pilot Phase of the Redesigned Process for capital projects. When the Pilot Phase is concluded, Executive Vice President Lapp will report on its implementation and make recommendations regarding the establishment of the program on a permanent basis.