CHAPTER 4 – PROJECT IDENTIFICATION AND APPROVALS

SECTION 4.1 GENERAL

This chapter describes the process to nominate projects and process them through required approvals. It provides detailed guidance on documentation required for approvals. Unless specifically waived by the EVPFA, execution of all capital, non-capital, and maintenance reserve (MR) projects shall follow these approval procedures.

4.1.1 Oversight of the Planning Process

The planning process is overseen by the EVPFA and managed by the University Architect and the Chief Business Officer. OUA, in partnership with the university's Budget Office, is responsible for the development of capital budget submission packages for approved projects. The resulting budget packages solicit the approvals of the BOV and General Assembly and the Governor, when required, for projects supported by state funds and/or debt funds. Projects supported solely by non-general, non-debt University funds are approved by the BOV, when required. Procedures for both state and University funded projects are detailed below.

For the VIMS campus, the planning process is overseen by the Chief Operations Officer and managed by the Executive Director of Facilities Management. VIMS Facilities Management, in partnership with the Executive Director of Finance & Supply Chain Operations, is responsible for the actual development of capital budget submission packages for approved projects.

4.1.2 Environmental Impact Report

An Environmental Impact Report (EIR) shall be prepared for each qualifying major state project with an expected construction cost of $500,000 or more.

4.1.2.1 State Submission of EIR

All EIRs shall be submitted to the State Department of Environmental Quality by letter signed by the University Architect. An EIR may not be required by DEQ for some interior renovations and work covered by a previous EIR, but the Owner still must submit its request to DEQ citing the nature of the work and justification for excluding the project from the requirements for an EIR.

SECTION 4.2 FUNDING CATEGORIES

(see Figure 4-1)

SECTION 4.3 PROJECT IDENTIFICATION AND NOMINATION

4.3.1 Capital Project Identification and Nomination

Capital projects are proposed annually for presentation to the Capital Planning Committee and inclusion in the University Capital Plan. These nominations occur via the Provost, Vice Provost, Associate provost(s); Dean(s);

and/or Vice President(s). Note that this manual uses the term capital project in lieu of the term Major Capital Project as defined in the Management Agreement.

4.3.2 Non-capital Projects

Non-capital projects do not require nomination and inclusion in the Capital Plan. However, funding approval by the VP/Dean/Department Head is required.

4.3.3 Maintenance Reserve Projects

MR projects are included in the University Capital Plan as a single project under the MR appropriation and are developed and prioritized by FM.

4.3.4 Scope and Detail Requirements

All project requests, regardless of type (capital, non-capital, MR) must provide sufficient scope detail to support a conceptual cost estimate to be prepared by OUA and/or FM. The project request should contain the following minimum information as appropriate:

- Project intent
- Project justification
- Project schedule
- Project programming: planning assumptions for the organization/functions, including specific standards required for design and construction (e.g., Association for Assessment and Accreditation of Laboratory or Animal Care International (AAALAC) accreditation, etc.)
- Planning constraints
- Organizational breakdown (FTE) under the general categories of faculty, staff, graduate students and students, including planned increases.
- Functional space requirements categorized in functional units (i.e., offices, support spaces, labs, classrooms, etc.)
- Special utility requirements
- Hazardous/special material requirements
- Site planning requirements
- Required linkage to other projects

The nominating organization should consider funding a pre-planning study to define and price the project, if the project is selected for more detailed review by the approving authority.

4.3.5 Review of Project Submissions

Project submissions are reviewed and evaluated by the Capital Planning Committee for the development of a draft of the annual Capital Plan, which is then submitted to EVPFA and Provost for finalization.

4.3.6 Finalization of the Capital Plan

The Capital Plan is finalized by the EVPFA and Provost annually in the spring. The complete plan is presented to the Administration, Buildings, and Grounds Committee of the Board of Visitors at the April Board meeting in the form of a Board Resolution. If approved, the OUA sequences and executes projects within the University Program, subject to funding availability and state authorizations (where applicable).

SECTION 4.4 PREPARATION OF THE COMMONWEALTH'S SIX-YEAR CAPITAL OUTLAY PLAN

4.4.1 Distinction from the University's Capital Plan

The University's Capital Plan should be distinguished from university involvement in the Commonwealth's Six-Year Capital Outlay Plan, although some capital projects may be common to both plans. OUA and the budget office prepare the formal Six-Year Capital Outlay Plan in accordance with instructions from the Department of Planning and Budget (DPB). Information developed includes conceptual project scopes, schedules, and budgets.

4.4.2 Exclusions from the Six-Year Capital Plan

The Six-Year Capital Outlay Plan submitted to DPB should not include projects to be funded 100 percent with Owner's funds and for which the Owner does not plan to request any future state operating support or to use general fund-related maintenance funding such as maintenance reserve.

4.4.3 Projects Utilizing Funding During the Current Biennium

Capital budget request submissions to DPB should include only those capital projects for which funding would begin to be utilized during the current biennium and should not include non-capital projects.

4.4.4 Pool Funded Projects

Many projects in the Commonwealth's Six-Year Capital Outlay Plan approved for funding from general fund-related sources will be placed in a funding pool. All projects authorized for planning-only for which general fund-related sources of funding will be requested for construction are subject to the pool process. Under the pool process:

- Capital projects are combined or "pooled" for funding as opposed to individual funding.
- There are two types of project pools: planning and construction.
- Detailed planning pools provide funds for agencies to develop the design through the end of the Preliminary Design Phase, i.e. the completion of approximately 40 percent design.
- Construction pools provide funds for execution of the entire project including design and construction/renovation. DEB generally provides three cost reviews before funding is authorized for construction: (i) an initial review when the project is considered by DPB for inclusion in the Governor's budget; (ii) at the schematic stage of design to provide the Owner with a cost target for the project's construction and soft costs; and (iii) at conclusion of the detailed planning phase after which project/construction may be recommended or authorized. If the Owner wants full funding for projects that were funded only for a planning stage, the Owner must submit a capital project request providing for the same.

4.4.5 Funding Stages for Authorized Capital Projects

Funding for authorized capital projects is often phased in alignment with the following project stages:

- Pre-planning
- Detailed planning (includes schematic and preliminary design)
- Construction (includes working drawings and construction)
- Equipment.

4.4.6 Authorization to Enter into a Construction Contract

If the lowest bid or best proposal received for a project in the Six-Year Capital Outlay Plan does not exceed 100 percent of the funding amount authorized by the Directors of DGS and DPB or is between 100 and 105 percent and the Owner receives authorization for additional funds through DGS' Appeal Process, then the Owner will be authorized to enter into a construction contract.

4.4.7 Projects that Exceed Initially Authorization Amounts

If the contract cost exceeds 105 percent of the initial authorization, the following options are available to the Owner:

1. Implement cost saving measures relative to the product design;
2. Supplement the project with other funds available to the Owner;
3. Reduce the project's scope while ensuring that the project is substantially similar in quality and functionality to the original project; or
4. Request supplemental funding from an existing supplemental pool or as a separate request of the Governor and General Assembly.

4.4.8 Capital projects subject to the Six-Year Capital Outlay Plan

Capital projects subject to the Six-Year Capital Outlay Plan include:

- Acquisition of real property. This class includes acquisition of any interest in land including improvements of any kind located on the acquired land, except certain utility easements. It also includes procurement of conservation easements or rights-of-way.
- New construction projects for a single undertaking involving the building of one or more facilities. This class includes the creation of additional building space of at least 5,000 square feet (does not apply to site development or building systems projects); projects with a total project cost of at least $3 million; and projects acquired through leases with options to purchase or any other alternative financing approaches.
- Improvements, which is defined as all work necessary to produce a complete and usable change to an existing facility or structure, including associated architectural and other technical services, the fixed equipment installed and made part of the facility or structure, and site development. This class includes improvements to an existing facility or structure with a cost of at least $3 million.
- Equipment that is a tangible resource of a permanent or long-term nature used in an operation or activity. This class includes equipment needs associated with projects defined as new construction or improvements.
- Demolition, which is defined as the removal of a building or facility either for land clearance or to make land available. Demolition of any building (plant), regardless of size and type, must be authorized by the Governor prior to proceeding, including recommendations for approval to demolish from the Art & Architecture Review Board and the Department of Historic Resources.
- Leases that would be considered capital leases prior to changes in Governmental Accounting Standards Board (GASB) 87.

SECTION 4.5 CAPITAL PROJECT APPROVAL

4.5.1 BOV Presentation

The formal Capital Plan is presented to the BOV each April. Once approved by the BOV, the budget, size and scope of a project shall not be materially changed beyond the plans and justifications that were the basis for project approval unless approved in advance. Minor changes (< 5% scope) increase may be approved by the President or his designee subject to availability of funds.

4.5.2 Off-Cycle NGF (non-debt) Capital Project Nomination and Approval

When a project is required between capital planning cycles due to need and/or time sensitive availability of funds, project documentation must be prepared and submitted to the BOV at the earliest next scheduled meeting.

4.5.2.1 – If circumstances dictate a more rapid review and approval, approval by the EVPFA, the Provost and Chairs of the BOV Administration, Buildings and Grounds and Finance Committees, in order, may be used as an expedient review and approval method. It must be noted that this expedient review by less than the full BOV should only be used in unique circumstances where loss of funding may occur without rapid action. Funding must be validated in accordance with paragraph 4.5.4 below and initiation must be approved per paragraph 4.5.5.

4.5.3 Emergency Project Nomination and Approval

Emergency NGF (non-debt) Project Nomination and Approval: In the event of an emergency situation where a threat to health and/or safety or damage to a facility are imminent, an emergency letter can authorize a project to prevent the emergency from occurring or to mitigate/remediate the impact of an emergency which has already occurred. Emergency project authorization requires the signature of the President.

4.5.3.1 – Funding must be validated in accordance with paragraph 4.5.4 below and initiation must be approved per paragraph 4.5.5. Information copies of the emergency authorization letters will be provided to the BOV electronically.

4.5.3.2 – Emergency General Fund (GF) Project Nomination and Approval:
In the event of an emergency situation where an immediate response is required, an emergency authorization request is required from the President of the institution. This letter should be sent to W&M Procurement, as well as the institution's analyst at his/her respective agencies: DPB, Division of Engineering and Buildings (DEB), and Division of Risk Management (DRM).

DPB and DRM will issue further instructions to the institution. Typically, the Governor will sign off on the creation of a project, after submitting a Decision Package developed by the analyst and institution, with an immediate authorization date.

Funding must be validated in accordance with paragraph 4.5.4 below and initiation must be approved per paragraph 4.5.5. Information copies of the emergency authorization letters will be provided to the BOV electronically.

4.5.4 Project Funding Authorization

Approval of a HECO-2 (Authority to Initiate Capital Projects) will require the signature of the EVPFA, to ensure funding is available from the identified sources and can be provided in the amount, timing and sequence required to support design and construction.

4.5.5 Project Initiation

Architectural or engineering planning for construction of, or acquisition of, any project shall not commence without an approved HECO-2 (executed via the PIP process). Submit a fully executed Form HECO-2 to the Director, Design and Construction prior to proceeding as described below at section 4.8. The normal authorization cycle for projects beginning implementation is on or about July 1.

SECTION 4.6 MAINTENANCE RESERVE AND NON-CAPITAL PROJECT APPROVAL

4.6.1 Prioritization of MR Projects

Maintenance Reserve projects are developed and prioritized by the an MR Project Prioritization Committee, managed by Business Affairs. MR project nominations are made by staff from the Office of the University Architect, Facilities Operations, and W&M Sustainability, and are approved by the University Architect.

4.6.2 Non-Capital Project Approval

Non-capital projects are approved by both the requesting organization and the University Architect.

SECTION 4.7 ACQUISITIONS AND LEASED AND TEMPORARY FACILITIES

4.7.1 Responsibility for Acquisitions and Leases

Acquisitions and Leased and Temporary Facilities are the responsibility of the Office of University Real Estate.

SECTION 4.8 PROJECT EXECUTION AUTHORITY AND FORMS

(document routing and filing shown in Figure 4-2)

4.8.1 Project Codes

All planning, design, and construction project documents, correspondence, memoranda, invoices, submittals and other related material shall include the assigned project number in the following formats.

- Projects not being capitalized shall include a six-digit Work Order number (XXXXXX)
- Projects being capitalized shall include 204 plus a five-digit number starting with eight (204 – 8XXXX)
- Maintenance Reserve projects shall include 204 plus a five-digit number starting with the fiscal year of the project (204 – FYXXX)
- BOV-approved capital projects shall include 204 plus a number starting with nine (204 – 9XXXX)

- State-approved capital projects are assigned a project code by the commonwealth formatted as 204 plus a five-digit number (204 – XXXXX)
- Umbrella projects shall be assigned an additional three-digit sub-project code for each undertaking.

4.8.2 Project Initiation Process (PIP) / HECO-2

A PIP is required at the induction of all projects and includes creation of the HECO-2 (Authority to Initiate Capital Projects), ad hoc project requests, and MR requests.

- The University PM must develop and obtain approval prior to the initiation of acquisition, design or construction for an approved project. For projects involving acquisition and construction, the acquisition and the design/construction must be submitted on separate authorization forms.
- The authorization form documents fund source and establishes the initial budget and schedule and must be revised and approved when changes occur.
- Project specifics are to be included in Program of Record (POR) documentation.
- An EIR should be commissioned, when required.
- The University PM facilitates the hiring of an A/E firm to prepare plans and specifications upon approval of a PIP and identifies the preferred construction delivery method, utilizing the processes and procedures outlined in Chapter 6 of this manual

4.8.3 HECO-3 (Professional Services Contract)

The HECO-3 serves as the contract between the University and the A/E, with the HECO-3a outlining Terms and Conditions of the A/E Contract

4.8.4 Approval of Schematic Design (SD) / HECO-4

- A pre-design conference is held after which the A/E, when required, develops and submits SD for review through the Design Review (DR) process by OUA, internal stakeholders including the Building Committee, the DRB, and the AARB.
- When requested by the Director of Design & Construction and agreed upon by DEB, DEB shall review the SD deliverable.
- When project scope dictates, the A/E will present the project's Site Selection & Design Intent and the SD to the DRB and AARB for review and approval. Additional DRB and AARB reviews may be required.
- Upon DRB and AARB approval, and completion of the DR process, written authorization to initiate PD will be given to the A/E by the PM.
- For commonwealth funded and authorized projects, approval of HECO-4 documentation through BITS is required prior to initiating PD.

4.8.5 Approval of Preliminary Design (PD) Drawings and Specifications / HECO-5

- The A/E, when required, develops PD for review through the DR process by OUA, internal stakeholders including the Building Committee, the DRB and the AARB.
- When requested by the Director of Design & Construction, DEB shall review the PD deliverable and coordinate with the responsible State Fire Marshal Office for completion of fire safety reviews.
- When project scope dictates, the A/E will present the PD to the DRB and AARB for review and approval.
- Upon DRB and AARB approval, and completion of the DR process, written authorization to initiate WD will be given to the A/E by the PM.
- For commonwealth funded and authorized projects, approval of HECO-5 documentation through BITS is required prior to the A/E being authorized to initiate WD.

- Some projects (e.g., work on historic landmarks, demolitions, water and wastewater treatment plants, central heating plants, etc.) may require the review of the Department of Health, Department of Historic Resources and/or the Department of Environmental Quality at both PD and WD phases. The University PM shall be responsible for determining when these reviews are necessary and ensuring that the appropriate review agencies receive the plans and specifications and that their comments are incorporated.
- If the project construction costs exceed $5 million, formal Value Engineering reviews are required (See Code of Virginia § 2.2-1133). This is accomplished with the CM for projects delivered through CM@R.
- The University PM is encouraged to have the A/E develop the HECO-6a (Statement of Structural and Special Inspections) for review and approval not later than the submission of WD.

4.8.6 Approval of Working Drawings and Specifications / HECO-6

- Prior to completion of the WD phase, the A/E submits a pre-final deliverable for review through the DR process by the OUA, internal stakeholders including the Building Committee. The timing of this deliverable is typically at 90% completion, as negotiated between the PM and A/E.
- Completed WD plans and specifications shall be submitted by the A/E to the University PM, who will then submit them to DEB for review and approval. The WD submission is simultaneously reviewed through the DR process by the OUA.
- The HECO-6a (Statement of Structural and Special Inspections) with HECO-6b (List of Special Inspections) will be submitted for review and approval not later than the submission of WD.
- The University PM will submit WD to the DEQ for stormwater plan review and approval.
- The University PM will submit WD to other reviewing agencies as noted above and as determined by the project team.
- Value Engineering actions that have any impact on the design shall be shared with DEB.
- The University shall ensure comments of other reviewing Agencies are received and incorporated in the bid package no later than 10 days prior to bid opening.

4.8.7 Authorization to Award a Contract / HECO-8

- Advertise the project via IFB or RFP at a time consistent with the procurement method.
- An approved HECO-8 is required before contract award
- An approved HECO-17 (Building Permit) is required before a Notice to Proceed is issued.

4.8.8 Building Permit / HECO-17

- The approved building permit is required prior to award of the construction contract.
- For projects permitted through DEB, a HECO-17 is required prior to commencement of construction activities.
- For projects permitted under the university's annual permit authority, approval of the University Building Official is required prior to the commencement of construction activities.

4.8.9 Construction Contract / HECO-9

The HECO-9 and its variants (HECO-9DB, HECO-9CM parts 1, 2, and ER, as required) serve as the contract between the University and the Contractor.

4.8.10 Contract Change Order Forms / HECO-11

The HECO-11 family of documents, including the HECO-11.1a, HECO-11 AE, and HECO-11 CM are utilized for contract change orders. These forms propose, justify, and authorize contract change orders.

4.8.11 Certificate of Use and Occupancy

- A building or facility may be occupied when the project is substantially complete and a CUO has been issued for the building or facility. A new or renovated building may not be occupied until the University has applied for and a CUO has been issued.
- Substantial completion is accomplished when the building can perform its intended function and all fire and life safety criteria have been met. Application for substantial completion shall include HECO-13 documentation submitted through BITS as well as the following:
    - HECO-13.1a (Certificate of Partial or Substantial Completion by A/E)
    - HECO-13.1b (Final Report of Structural and Special Inspections)
    - HECO-13.2a (Certificate of Partial or Substantial Completion by Contractor)
    - HECO-13.3b (Checklist for Occupancy)
    - Letter of Acceptance from the responsible State Fire Marshal Office stating it has no objections to the building being occupied or stating conditions for occupancy of the building.
- Final completion is when all punch lists and deficiencies have been completed. A final inspection of all projects will be conducted by the University, the A/E and, if acceptance has not been achieved, the responsible State Fire Marshal Office. Application for final inspection shall include HECO-13 documentation submitted through BITS as well as the following:
    - HECO-13.1 (Certificate of Completion by A/E or PM)
    - HECO-13.1b (Final Report of Structural and Special Inspections)
    - HECO-13.2 (Certificate of Completion by Contractor)
    - Letter of Acceptance from the responsible State Fire Marshal Office stating it has no objections to the building being occupied or stating conditions for occupancy of the building.
- When a permitted project will not result in the need to issue or reissue a Certificate of Occupancy, the HECO-13.3c is used to acknowledge substantial completion and the HECO- 13.3d is used to acknowledge final completion. Approval of one of these forms is required prior to placing the area or function of the project back into service.
- HECO-13.4 documentation, submitted through DEB, is required to close out the building permit.
- For projects permitted under the university's annual permit authority, permit closeout approval by the University Building Official is required.

4.8.12 Project Completion Report

At the end of the project, the University PM initiates the Project Closeout Process (PCL). The HECO-14 form is produced as part of this process upon completion of the project.

Figure 4-1 Project Authorization and Funding Matrix

	Capital	Non-Capital	Maintenance Reserve
DOLLAR LIMITS	$3 Million and Higher	Less Than $3 Million	Between $25,000 and $2M (roof replacement projects may extend to a $4M limit)
SCOPE LIMITS	5,000 Sq Ft and Larger	Less Than 5,000 Sq Ft	As defined by Item C-64 of Chapter 1, 2022 Acts of Assembly, Special Session I
AUTHORIZATION AUTHORITY	BOV	Requesting Organization's senior administrator (Provost/Dean/Chair/etc.), EVPFA, and UA	University Architect and Executive Director of Facilities Operations
OTHER APPROVALS			
Permit Requirements	Projects are permitted as required by applicable building code		
DRB / AARB Approval	DRB and AARB Approval are required for all projects which modify the exterior		

Figure 4-2 Project Authorization and Forms Summary

Form/Process	Form Name/Purpose	Routing	Copy Distribution
PIP (with HECO-2)	Authority to initiate capital project or Only if debt or donor funded	University PM Facilities Projects Business Manager Director, Design & Construction University Architect Capital Budget Analyst EVPFA / Chief Business Officer	University PMS platform Project master file Project electronic file Building Information Tracking System (BITS)
PIP (without HECO-2)	Authority to initiate a non- capital project (not debt or donor funded)	University PM Facilities Projects Business Manager Director, Design & Construction Customer University Architect	Project master file Project electronic file
PIP (for MR projects)	Authority to initiate an MR project	University PM Facilities Projects Business Manager Director, Design & Construction Executive Dir., Facilities Operations University Architect	Project master file Project electronic file
HECO-3a	Professional Services contract	Facilities Projects Procurement Manager Facilities Projects Business Manager University PM Director, Design & Construction A/E University Architect EVPFA / Chief Business Officer	A/E Project master file Project electronic file eVA
HECO-4	Application for Approval of Schematic Design	University PM Executive Director, Facilities Operations Director, Design & Construction University Architect	Project Master File Project Electronic File
HECO-5	Application for Approval of Preliminary Design Drawings & Specifications	University PM Executive Director, Facilities Operations Director, Design & Construction University Architect	Project Master File Project Electronic File
HECO-6	Application for Approval of Working Drawings and Specifications	University PM Executive Director, Facilities Operations Director, Design & Construction University Architect	Project Master File Project Electronic File
HECO-6a	Statement of Structural and Special Inspections	University PM Director, Design & Construction UBO	Project Master File Project Electronic File

Form	Form Name/Purpose	Routing	Copy Distribution
HECO-8	Approval to Award Construction Contract (capital projects only)	University PM Facilities Projects Business Manager Director, Design & Construction University Architect	Project master file Project electronic file BITS
HECO-17	Building Permit	University PM Director, Design & Construction UBO	Project master file Project electronic file UBO File
HECO-9 HECO-9 CM HECO-9 DB HECO-9 ER	Construction Contract	Facilities Projects Procurement Manager Facilities Projects Business Manager University PM Director, FPDC Contractor University Architect EVPFA / Chief Business Officer	Contractor A/E Project master file Project electronic file eVA
HECO-11	Contract Change Order	Contractor A/E University PM Facilities Projects Procurement Manager Facilities Projects Business Manager Director, FPDC University Architect EVPFA / Chief Business Officer	Contractor A/E Project master file Project electronic file eVA
HECO-11a	Change Order Justification	Per HECO-11	Per HECO-11
HECO-11 AE	Architect Engineer Change Order	A/E University PM Facilities Projects Procurement Manager Facilities Projects Business Manager Director, FPDC University Architect EVPFA / Chief Business Officer	A/E Project master file Project electronic file eVA
HECO-11 CM	CM preconstruction services Change Order	Same as HECO-11	Contractor Project master file Project electronic file eVA
HECO-11.1ae	Term A/E Change Order	Same as HECO-11a	Same as HECO-11a

Form	Form Name/Purpose	Routing	Copy Distribution
HECO-13	Certificate of Completion by A/E	Per the forms	Project master file Project electronic file UBO file
HECO-13.1a	Certificate of Partial or Substantial Completion by A/E		
HECO-13.1b	Final Report of Structural & Special Inspections		
HECO-13.2	Certificate of Completion by Contractor		
HECO-13.2a	Certificate of Partial or Substantial Completion by Contractor		
HECO- 13.3b	Checklist for Occupancy (beneficial)(set up)(partial)	A/E	Project master file Project electronic file UBO file
HECO-13.3	Certificate of Use and Occupancy	Exec. Director, Facilities Operations Director, Design & Construction	Project master file Project electronic file
HECO-13.3c HECO-13.3d	Acknowledgement of Substantial and Final Completion	University Architect UBO	UBO file
HECO-14	Project Completion Report	University PM Director, Design & Construction University Architect	Project master file Project electronic file

Appendix H provides a complete list of project management forms.