



CALIFORNIA INSTITUTE OF TECHNOLOGY

CAPITAL CONSTRUCTION GUIDELINE

SUMMARY AND OBJECTIVE:

This document describes guidelines for project approval by the Buildings and Grounds Committee and the Business and Finance Committee of the Caltech Board of Trustees. The purpose of this guideline is to establish the steps to be followed regarding capital construction projects at Caltech to ensure alignment between the capital plan and the research and academic goals within available resources. This document also complies with applicable Board Committee Charters. Specifically the following issues are covered:

1. What actions can be completed during initial planning
2. What information is needed prior to seeking project approval
3. The necessary steps to achieve project approval
4. The reporting requirement for approved projects

The Business and Finance Committee of the Board of Trustees annually approves a capital budget which includes funding for smaller projects that do not require individual project approval. These smaller projects are authorized by the Provost and/or the Vice President for Business and Finance (VPBF) within the capital budget and operating budget approved by the board. Capital projects that must be individually approved by the Buildings and Grounds Committee and the Business and Finance Committee of the Board of Trustees are projects that:

1. Have project cost estimates greater than \$3 million, or
2. Propose significant modifications to building exterior or landscape features

DEFINITIONS:

“Capital construction project” is defined as the construction of a new building or the renovation of an existing facility at Caltech. The Buildings and Grounds Committee has review and approval authority over all projects for which the total cost exceeds \$3 million and the funding is not previously approved as part of the annual budget process.

“Building exterior or landscape modification” is defined as a project intended to change an exterior campus element. This includes building exteriors and open space. These projects may have master plan implications. Regardless of project cost these projects should be brought to the Board of Trustees through the Buildings and Grounds Committee for review and approval.

“Project cost” is defined as total cost of completing the project. It includes all capital and non-capital expenses involved in providing a complete and useable facility. Some of the major cost categories included in project cost are: construction, design, permits, temporary space, utility systems work, project management, shop support, furniture, fixtures and equipment, and land (if applicable).

INITIAL PLANNING:

Often it is necessary to complete studies or analyses prior to seeking project approval. The degree of prior planning varies for each project and may at times require several months of work and significant Caltech and consultant resources. Upfront planning for projects that will ultimately fall under Board of Trustees purview can be authorized by Caltech’s President, Provost or Vice President for Business and Finance as applicable. With VPBF approval, planning can be funded by the Capital Revolving Fund (CRF) subject to the following criteria:

1. Likelihood of ultimate project approval
2. Relative need for the information
3. The cost for getting that information
4. VPBF approval to use CRF

The CRF will be replenished from the project sources of funds once a project is approved. If a project does not get approved the CRF will be replenished as determined by the VPBF.

Once the necessary information is assembled and prior to making project commitments, Buildings and Grounds Committee, Business and Finance Committee and Board of Trustees approval will be sought as described in the following paragraphs.

PROPOSAL:

A proposal will be prepared by the Associate Vice President of Facilities and the Associate Vice President for Finance and Treasurer. The proposal should include:

1. A description of and justification for the project
2. A project cost estimate
3. A maintenance and operating cost estimate with funding source
4. A funding plan covering the project cost estimate

Description and Justification

The description and justification includes the project purpose, scope, and schedule. In addition, the project description will address how the project will align with Institute sustainability objectives.

Project Cost Estimate

The cost estimate includes all relevant costs associated with completing the requirements of the project purpose and scope mentioned above. The cost estimate will also include an escalation of costs through the scheduled midpoint of construction.

Maintenance and Operating Costs

The estimated ongoing maintenance and operating costs associated with using the completed project must be presented as part of the approval process. These costs include utilities, maintenance, repair, custodial, grounds (if applicable) and others. While such costs are not considered part of the capital construction cost they will become part of the Institute's operating budget and are therefore subject to review and approval as described below.

Funding Plan

The plan must identify sources of funding to cover all project costs included in the project cost estimate. If all the funding is not in hand, the plan must include a funding strategy for the remainder. In addition, the plan should propose the amount of funding required to be in hand prior to project commencement. Buildings for different functions may have alternative funding sources such as room and board for student housing or fees for athletic facilities. Those issues should be taken into account in the funding plan as appropriate.

REVIEW AND APPROVAL PROCESS:

The President, Provost, Vice President for Business and Finance, and Division Chair (if applicable) will review the completed proposal in light of the goals and priorities for the Institute and will make a recommendation for approval to the Business and Finance Committee and the Buildings and Grounds Committee. Once approved the project will move forward as outlined in the proposal.

PROJECT EXECUTION:

Project status will be reported to the Buildings and Grounds Committee each time the committee meets. The status update will include project progress as well as proposed scope, schedule and budget changes. If during the course of project execution costs are anticipated to exceed a previously approved budget by 10% of project cost or \$500,000, whichever is greater, the budget change will require separate approval by both the Business and Finance and Buildings and Grounds Committees.