



**Oregon State**  
University

# **Amendments to *Approval of Capital Projects Policy***

**Finance & Administration Committee  
May 26, 2022**



# Background

- OSU Board of Trustees policy *Approval of Capital Projects* adopted on October 26, 2018
- Established process and thresholds for:
  - Project approval stage gates
  - Budget changes
  - Emergency construction
- Approval Threshold set at \$5M
  - Lower of \$5M or 10% for changes

# Approval Process

- Ten-year Capital Forecast – authority to proceed through completion of schematic design (SD)
- Stage Gate I - Authority to proceed to design development (DD)
- Stage Gate II – Advance to construction phase and budget approval

# Stage Gate I

- Authority from Finance and Administration Committee (FAC) to proceed to design development
- Occurs at or near the completion of Schematic Design
  - *Schematic design* translates concepts and program needs into architectural drawings and a preliminary cost estimate
- Stage Gate I Deliverables
  - General description of project, scope and program
  - Estimated budget, funding and timeline
  - Risk Analysis and contingencies
  - Preliminary pro forma (as applicable)

## Stage Gate II

- Authority from Board of Trustees to advance to the construction phase and approves total project budget
- Occurs at or near the completion of Design Development
  - *Design Development builds on SD to produce detailed architectural and engineering plans, select materials and provide a detailed cost estimate*
- Stage Gate II Deliverables
  - Description of the final project scope and program
  - Total project cost, funding, and timeline
  - Risk analysis and mitigations
  - Final pro forma

## After Stage Gate II

- Produce Construction Documents (CD) – finalize design and bidding packages
- Finalize construction contracts and build!
- Changes to approved budget
  - Approval required from Board of Trustees to exceed either \$5M or 10% of the approved budget
- Changes to project scope
  - Current policy is silent on scope changes

# Proposed Policy Amendments

|                            | Current        | Proposed                                             |
|----------------------------|----------------|------------------------------------------------------|
| Project Approval Threshold | \$5M           | \$10M                                                |
| Budget Change              | \$5M or 10%    | \$10M or 20%                                         |
| Scope Change               | No requirement | Approval if inconsistent with scope at Stage Gate II |



# Proposed Policy Amendments: Examples

| Project Approvals between \$5M and \$10M  | Budget | Agenda  |
|-------------------------------------------|--------|---------|
| Milam Hall Roof, Seismic & Mechanical     | \$5.3M | Consent |
| La Sells Stewart Center Roof & Mechanical | \$8.8M | Consent |
| Valley Roof Replacement                   | \$6.8M | Consent |
| Gilkey Hall Interior Renovation           | \$7.4M | Action  |
| West Greenhouse Expansion                 | \$6.2M | Action  |
| Owen Hall Repairs                         | \$5M   | Consent |

| Budget Change Approvals      | Original Budget | Revised Budget | Agenda  | Trigger | Revised Trigger |
|------------------------------|-----------------|----------------|---------|---------|-----------------|
| HMSC Seawater System Renewal | \$5M            | \$5.6M         | Consent | >10%    | -               |
| Graf Hall Interior           | \$6M            | \$8.7M         | Consent | >10%    | -               |
| Cordley Hall Renovation      | \$158.8M        | \$171.7M       | Action  | >\$5M   | >\$10M          |
| Westside Reser Construction  | \$153M          | 160.8M         | Action  | >\$5M   | -               |



# Proposed Scope Changes

- The Vice President of Finance and Administration establishes administrative safeguards to ensure that any proposed modification to the scope of a project is:
  - (i) Consistent with the scope presented to the Board at Stage Gate II approval, or;
  - (ii) Brought to the Board for approval.
- Annual Capital Projects Update will include information on scope modifications to all active projects.