



University of California
Capital Resources Management
Delegated Process User Guide

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I. PURPOSE

The *Pilot Delegated Process for Capital Improvement Projects* (Delegated Process) is an alternative to Regental approval for projects with a total project cost of between \$10 million and \$60 million. The Regents delegated approval authority for budget and design for capital projects and the authority to make any related California Environmental Quality Act (CEQA) determinations to the Chancellors, via the President, for the portfolio of projects in this cost range that meet eligibility criteria. This option increases campus autonomy, and provides for campus accountability for capital project delivery. The Delegated Process meets legal and policy requirements for project approvals, yet can save processing time compared to the schedule required for Regents' approval. This guide provides information on eligibility criteria, submittal requirements, and processes for securing delegated approvals.

II. BACKGROUND

The Office of the President (UCOP) established the Delegated Process in response to the 2007 Monitor Group Report¹ that identified opportunities to improve administrative efficiencies and effectiveness across the University of California (UC) system. In August 2007, a "Capital Projects Working Group" was created to redesign the capital projects approval process. In March 2008, the Regents accepted the "Report of the Capital Projects Working Group", representing the framework for the Delegated Process². In May 2008, an Implementation Team was created to "consider and resolve issues related to the initiation of these new procedures, establish guidelines for participation in the pilot phase, and oversee implementation of the pilot phase." The guidelines for the Pilot Delegated Process were accepted by the Regents at the September 2008 meeting³. At the January 2014 meeting, the Regents approved an extension of the pilot phase of the Delegated Process to March 31, 2015 to allow time for a greater number of projects to be completed under the program, so its effectiveness could be adequately evaluated⁴.

III. OFFICE OF THE PRESIDENT ROLE AND RESPONSIBILITIES

UCOP assesses project eligibility for the Delegated Process by evaluating consistency with UC policies, and verifying the project has completed appropriate campus reviews. The campus completes a written checklist wherein the Chancellor (or his or her delegate) certifies compliance with University policies and processes related to the approval of capital project budgets, design, and financing requirements.

The completed checklist and supporting materials are reviewed by the following UCOP units:

| UCOP Unit | Project Review |
|--|---|
| Capital Resources Management (CRM) | Review for consistency with campus plans and evaluate policy-related risks and compliance |
| Office of General Counsel (OGC) | Evaluate legal CEQA risks for the proposed project |
| Capital Markets Finance (CMF) | Review and approve financial feasibility for the purpose of securing financing. |

Following these reviews, the EVP-Business Operations may recommend that the Chancellor may proceed with delegated project approval, or, alternatively, the EVP-Business Operations or General Counsel and Vice President Legal Affairs may request Regental review of the project

IV. PROJECT ELIGIBILITY

Eligibility for the Delegated Process is determined by several factors. This section defines eligibility criteria, and provides guidance on the information required in the Certification Checklist.

Each project must demonstrate:

- A. A total project cost between \$10 million and \$60 million
- B. Capital Financial Plan (CFP) consistency
- C. Physical Design Framework (PhDF) consistency
- D. Long Range Development Plan (LRDP) consistency
- E. Compliance with CEQA and University/Regental Policies
- F. Financial feasibility
- G. No special circumstances exist that may merit review by the Regents

Projects with any state funding are not eligible for budget approval through the Delegated Process; however, the design approval, following action pursuant to CEQA, may be delegated to the Chancellor via the Delegated Process.

- A. **Total Project Cost Between \$10-60 Million:** Projects of \$10 million or less are delegated to the Chancellors⁵. Projects with a total project cost⁶ more than \$10 million and less than \$60 million are eligible for the Delegated Process. It is recommended that campuses consult with CRM for projects with budgets near the \$60 million ceiling at

¹ <http://regents.universityofcalifornia.edu/regmeet/sept07/f4attach.pdf>

² <http://regents.universityofcalifornia.edu/regmeet/mar08/gb12.pdf>.

³ <http://regents.universityofcalifornia.edu/regmeet/sept08/gb9.pdf>

⁴ <http://regents.universityofcalifornia.edu/regmeet/jan14/gb6.pdf>

⁵ <http://policy.ucop.edu/files/da/da2574.pdf>

⁶ Total project cost includes all costs represented in lines 0 through 9 & 3 in the [Capital Improvement Budget](#)

the time of approvals, to ensure the project will not risk exceeding the maximum budget threshold during project delivery.

B. Capital Financial Plan (CFP): The Ten-Year Capital Financial Plan presents proposed capital projects and privatized development at each campus within the larger context of goals and needs, current economic conditions, and specific campus circumstances. The CFP represents a financially feasible plan and reflects the alignment of the University's capital proposals with its core functions of teaching, research and public service.

Consistency: For purposes of determining eligibility for the Delegated Process, consistency with the CFP is verified if it has the same budget, scope and funding source(s) identified in the most recently accepted CFP.¹ Generally, a project is considered consistent if the proposed budget is within 25% of the budget in the accepted CFP. However, any increase in the proposed budget over the number cited in the CFP will be viewed as having an impact on the Chancellor's authority to later augment the project, given the overall 25% cap limitation cited in the current delegation of authority. Also, modification(s) resulting in total project cost over \$60 million will require Regental approval.

The location, program, and purpose of the project must be generally consistent with those included in the accepted CFP. Changes in funding sources(s) may or may not impact the project's consistency with the CFP, depending on the source. For example, significant increases in proposed level of State, gift, reserves, or student-fee-related funding may necessitate elevation of the project for review by the Regents. Scope changes that entail a substantial program modification in physical characteristics or intended use need to be evaluated for consistency with the plan that was accepted by the Regents.

Recognizing the reality that ever-shifting conditions prompt changes in plans, early consultation with UCOP will generate the strategies and processes to facilitate the funding or scope changes.

Amendment Process: Currently, the CFP is reviewed and accepted by the Regents once a year, in November. Planned budget, funding, and scope revisions should be incorporated at this time. An amendment to the CFP requires Regental consultation. Campuses have requested options for mid-year amendments to the CFP. We

acknowledge these requests, but that option is currently not available.

C. Physical Design Framework (PhDF): The PhDF identifies the campus' planning principles and objectives for design of the physical environment; how the PhDF relates to the campus LRDP; and how objectives will be integrated into project planning and design. The PhDF is a comprehensive document with both visual and textual elements and includes key planning requirements such as density parameters, sustainability guidelines, circulation guidelines, vistas and sightlines, physical connections to the adjacent community, and design guidelines. The guidelines may include building heights, build-to lines, building orientation, building materials and colors, site furnishings, landscaping and hardscaping, and architectural style guidance. The PhDF also describes the campus design review and approval process. The PhDF guides campus development in a coherent manner, ensures stewardship of the campus environment, and informs design professionals of design principles and objectives important to the campus.

Consistency: The project checklist and attachments demonstrates consistency with stated planning principles, design objectives, specific design guidance, and the campus design review and approval process.

Minor Amendments: *The Guidelines for Minor Amendments to Campus Physical Design Frameworks* denotes these variations that are eligible for Presidential approval of a minor PhDF amendment:

- Siting on land not included in the accepted PhDF, but consistent with the adopted LRDP.
- Modifications to, or clarification of, planning principles interpretations and design objectives that do not fundamentally change the original intent of the PhDF.

Amendment Process: Minor amendments to the PhDF may be accepted by the President; all others must go to the Regents for acceptance. The *Guidelines for Minor Amendments to Campus Physical Design Frameworks* define the amendment process. For minor amendments, the campus submits a Draft Presidential Action Item that includes:

- The action to be taken by the President;
- Background for the action including a brief general description of the change(s) to the PhDF and the reason for the change(s);

¹ <http://www.ucop.edu/capital-planning/resources/index.html>

- A summary of previous or concurrent actions that are relevant to the requested action;
- A complete list, with brief descriptions, of the changes to the PhDF, with supporting information showing that the changes do not depart from basic principles and objectives, and thus are within the President’s authority; and
- Those section(s) of the PhDF proposed to be revised, including text and graphics as needed “redlined” to show changes.

D. Long Range Development Plan (LRDP): An LRDP is a comprehensive land use plan that guides physical development and includes four standard elements: land use, open space, circulation, and utilities. The plan identifies the physical development associated with projected enrollment and population and is an important reference document for the campus, the University, and the general public.

Consistency: A project that demonstrates general conformance with the land use designations for the site in considered consistent.

Minor Amendments: Regents’ Policy 8102(4)b¹ defines minor amendments that qualify for Presidential approval as: the siting of a building project with a total project cost of \$10 million or less; shifting less than 30,000 gsf of allocated building space; or changing land-use boundaries and designations for 4 acres or less of land.

Amendment Process: The President is authorized to approve minor LRDP amendments, as described above. All other amendments must go to the Regents’ Grounds and Building Committee for approval.

E. Compliance with CEQA and University/Regental Policies: A number of key University policies are identified in the Checklist and require documentation of compliance in the submittal. Links to the applicable policy or additional guidance for the requested information are listed below. Additional documentation may be requested depending on project-specific attributes (e.g. gift policy, student fee policy with respect to capital facilities, etc.).

Business Case Analysis:
[http://www.ucop.edu/capital-](http://www.ucop.edu/capital-planning/files/documents/business-case-analysis-guidelines.xlsx)

[planning/ files/documents/business-case-analysis-guidelines.xlsx](http://www.ucop.edu/capital-planning/files/documents/business-case-analysis-guidelines.xlsx)

California Environmental Quality Act:
<http://www.ucop.edu/ceqa-handbook/>

Independent Design and Cost Review:
<http://www.ucop.edu/construction-services/facilities-manual/volume-3/vol-3-chapter-5.html>

Sustainable Practices Policy:
<http://policy.ucop.edu/doc/3100155/SustainablePractices>

Seismic Safety:
<http://policy.ucop.edu/doc/3100156/SeismicSafety>

Value Engineering:
http://www.ucop.edu/construction-services/files/facman/contracts/edpa_value_engineering_program.docx

University Controlled Insurance Program:
<http://www.ucop.edu/construction-services/programs-and-processes/university-controlled-insurance-program/index.html>

F. Financial Feasibility: When project is funded in whole or in part with external financing and/or standby/interim financing, the campus must analyze the affordability of such debt-funded projects on a 10-year pro-forma basis, with the additional debt burden assessed against metrics such as debt service to operations, debt service coverage, and expendable resources to debt. Capital Markets Finance (CMF) coordinates with campuses on the debt model and affordability.

Third-Party Funding: The total project cost limits (\$10M to \$60M), and financial feasibility requirements apply to all projects under the delegated process, even those fully or primarily funded with resources other than campus funds or UC external financing. For example, projects structured with 100% gift funds or as privatized projects have potential impacts on the campuses’ debt affordability and therefore require review. In circumstances where the nature of these projects means the typical documentation of total project cost—i.e., the Capital Improvement Budget (CIB)—are not available, the campus should consult with CRM to determine acceptable substitute documentation.

G. Special Circumstances: At the recommendation of the EVP-Business Operations or the General Counsel

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<http://regents.universityofcalifornia.edu/governance/policies/8102.html>

and Vice President Legal Affairs, the President may determine that a project merits review and approval by the Regents because of special circumstances related to budget matters, external financing, fundraising activities, project design, environmental impacts, community concerns, substantial program modifications, or potential to create negative system-wide precedent including, but not limited to, compliance with CEQA. See Regents Policy 8102 (6).¹

V. SUBMITTAL REQUIREMENTS

Project submittal for the Delegated Process includes the materials described below, representing a complete package to be reviewed and verified as consistent, so the project may proceed with delegated approval. Once a submittal package (“Checklist Submittal”) is received and completeness confirmed, a 15-working-day review period begins. Examples of submittal materials can be provided upon request.

A. Delegated-Authority: Certification Checklist²

(Chancellor or Sole Designated Official signature is required for the Delegated Process)

- General: Complete all relevant checkboxes; enter applicable dates in blanks provided
- Item 2b: Physical Design Framework: provide a brief narrative demonstrating the major points of consistency with the PhDF and include design graphics used in campus design review and relied on by the Chancellor for design approval.
- Item 3d: Sustainable Practices: Enter minimum planned LEED™ goal and stretch goal, if any
- Item 3h: Other Relevant Policies: If “Yes,” note the other policies that apply. A “Yes” answer indicates compliance with those other identified policies.

B. Draft Action Item (to be signed in final format by the Chancellor after the President endorses the delegation). The Draft Action Item must be consistent with the Checklist, including budget, scope, and schedule—and all other supporting documentation.

C. Project information:

- Need being addressed
- Program description and justification
- Project scope
- Capital Improvement Budget (CIB) Project Schedule
- Planning and review process

A capital project’s Project Planning Guide (PPG) includes all the above information and may be a convenient way to submit the documentation. With the exception of a CIB, this information is required for privatized projects. CRM can assist in determining a suitable alternative document to the CIB.

D. Campus Planning and Review Process:

Documentation (including dates) of campus reviews.

E. Environmental Documentation

- Environmental Impact Classification Form (EIC)³ signed by UCOP and campus; typically included in the PPG
- Environmental Documentation—Checklist Attachment 1
 - Draft public notice of availability of environmental document
 - Response to Comments
 - CEQA Findings
 - Mitigation Monitoring and Reporting Program (MMRP), if applicable
 - Draft Notice of Determination or Notice of Exemption

F. Date of Design Review: Attach the graphics used in campus design review and approval, including a location plan, representative floor plans, site plan/landscaping plan, exterior elevations including materials, and renderings. For projects that are not buildings (such as infrastructure) or projects that are entirely interior to a building, provide graphics to describe the scope of the project and document design phase and campus reviews. Graphics should be consistent with scope described in environmental documents.

G. External Financing

- Summary of Financial Feasibility—Checklist Attachment 2
- Updated Debt Affordability Model
- Drawdown Schedule

¹<http://regents.universityofcalifornia.edu/governance/policies/8102.html>

²<http://www.ucop.edu/capital-planning/files/documents/delegated-certification-checklist.docx>

³ The EIC is a University form that documents the anticipated CEQA determination for the project; it does not itself constitute such a determination, which can only be made at the time of, and in support of, the design approval.

VI. PROCESS

UCOP is committed to expediting reviews of eligible Delegated Process projects. A CRM Team Leader (Team Leader) will be established for every project to serve as a single point of contact and to coordinate concurrent review by various UCOP units. The Team Leader will be identified with the initial submittal and will be the contact person for every phase of the process. Review is more expedient with a complete Checklist, consistent information across documents, and readily verified compliance with relevant policies. This guideline provides additional direction for the Checklist and supporting materials to facilitate both the campus submittal and UCOP review processes.

Campuses may elect delegated approval of the budget first in a separate action, before design begins (or early in design), and approve design and make a CEQA determination later in the Preliminary Plans phase. In such a case, separate Checklists with appropriate documentation pertaining to the particular approval are submitted to CRM. Alternatively, for delegated projects with no state funding, campuses may opt for a consolidated submittal including budget, design and determination of CEQA compliance at the same time, usually at or near the completion of the Design Development phase, but always before the start of the construction documents.

CRM is committed to continuous improvement of the Delegated Process. This guide is a living document to be updated as the Delegated Process is refined. CRM welcomes ideas from all stakeholders, particularly the campuses, for improvements to the Delegated Process.

GENERAL ORDER OF ACTIONS FOR THE DELEGATED PROCESS

- A. **Chancellor Approval of Preliminary Plans (may be required)**
- B. **Consultation (Optional)**
- C. **Checklist Submittal Review**
- D. **Executive Vice Presidents' Determinations**
- E. **Campus Actions**

A. **Chancellor Approval of Preliminary Plans (may be required)**

The delegated approval of design generally requires completion of schematic design, and the project's executive architect must be retained under an Executive Design Professional Agreement (EDPA). In the absence of full budget approval, the EDPA requires that the project must be formally approved for preliminary plans funding (P Approval), consistent with UC policy. The Chancellor Action Item approving the expenditure funds for preliminary plans does not require a Checklist nor is it reviewed at UCOP.

UC policy and CEQA each have established timeframes regarding review and approvals of all capital projects. UC policy requires decision makers to have complete concept of scope and budget prior to significant expenditure of funds, while CEQA certification is required at the point of irrevocable commitment to the project, generally at design approval. As such, the Delegated Process approvals need to occur at appropriate times for each project, and project schedules should reflect these milestones accurately.

B. **Consultation (Optional)**

For projects that are straightforward, complete and fully coordinated, submittals generally require little consultation between the campus and UCOP. However, projects are becoming increasingly complex in an era of diminished resources. A consultation phase is available for all projects, and advisable on complex projects, to facilitate collaborative resolution of issues and potentially shorten the final Checklist review time.

Upon receipt of the draft Checklist submittal (campus signatures not required), the Team Leader will acknowledge receipt and will circulate the materials. UCOP will review documents, consult with the campus to understand the proposed project, and identify issues needing clarification or resolution. CRM is always available, even before a draft Checklist is ready, to consult with the campus on potential issues.

C. **Checklist Submittal Review (Required)**

UCOP strives to review Checklist Submittals, project materials and secure necessary endorsements from UCOP senior leadership within 15 working days. The Certification Checklist and supporting materials (see Section V) is submitted to CRM-DelegatedItems@ucop.edu. The Team Leader will notify campus of incomplete submittals and missing information, indicating that coordination and review will begin once missing materials are provided and confirmed.

If substantial issues arise during the UCOP review process, the campus will be promptly advised by the Team Leader that the 15-day clock will be paused until the campus can respond with clarification or correction.

Submittal materials are distributed internally to CRM, OGC and CMF for review. At that time, the campus is notified of the UCOP team members assigned for review (including the Team Leader), and the end date of 15-day review.

CRM Review: CRM reviews the provided materials to confirm consistency with campus plans (CFP, PhDf, and LRDP), CEQA, and University/Regental Policies. The CEQA review includes materials included in Attachment 1 of the checklist (e.g. draft environmental document, draft Notice of Determination/Exemption, draft Findings, and draft Mitigation Monitoring and Reporting Program, if applicable). CRM also reviews the draft Chancellor Action Item. Any edits are returned to the campus in a strikeout/underline format. For privatized projects, authority and real estate documentation is also reviewed.

After the review is complete, a staff report is prepared to provide a brief summary to the EVP—Business Operations.

OGC Review: OGC reviews all submittal documentation to ensure consistency in project description for purposes of design approval and evaluates the CEQA compliance documentation for legal defensibility. OGC provides a written attorney-client privileged communication to the Chief Campus Counsel within the 15-day review timeframe, with copies to the assigned campus Project Manager and Environmental Planner. OGC’s determination is not provided to CRM unless, following consultation with the General Counsel, it is determined that the campus’ proposed action will create a negative precedent or pose a significant system-wide risk.

Review by OGC is focused on evaluating the campus’ CEQA compliance approach for design approval and budget actions that follow design approval or involve scope change. If OGC determines that a Checklist Submittal does not involve or otherwise require CEQA compliance, OGC will alert the campus that no OGC Determination will be provided.

The OGC Determination may include suggested revisions to the CEQA compliance documentation, Action Item or other supporting documentation. OGC’s suggestions represent conservative advice that, if taken, will provide the campus with the best legal defense in the event of a CEQA challenge. There is no requirement for a campus to re-submit the Project for another 15-day (business) review following its receipt of an OGC Determination. The decision to revise the CEQA documentation or any other information submitted by the campus in support of the proposed approval in accordance with OGC’s suggestions rests with the campus based on a balancing of the likelihood of legal

challenge against delivery delays, and any financial, political, or community relations issues.

CMF Review: CMF reviews the campus Debt Affordability Model and Attachment 2 of the Checklist for any projects requesting external, interim or standby financing, and those using campus reserves. They review this material to confirm that calculations are accurate and assumptions are reasonable, given current and anticipated market conditions. CMF makes a recommendation to the Chief Financial Officer as to whether the project is eligible for the Delegated Process.

D. Executive Vice Presidents’ Determination

On completion of the Checklist Submittal review, the Team Leader will notify campus whether the Executive Vice President—Business Operations or Office of the General Counsel has noted issues that may require Regental review.

E. Campus Approval Actions

Upon receipt of the UCOP determination that the project does not require Regental review, the Chancellor may approve the project. The campus finalizes the delegated approval as noted below.

Notice of Chancellor Approval: For delegated projects requiring design approval, post notice on website a minimum of 15 days in advance of the Chancellor’s action. Most budget actions do not require supporting CEQA documentation and can skip this step in the process (budget actions that occur after design approval may require CEQA compliance). Typically the notice is posted on the same website used to provide access to the environmental document during public review. This notice may be posted during the UCOP 15-day review period of the checklist and supporting materials. The environmental document, if applicable, should be made available. The following is sample notice text:

“In accordance with established University of California procedures, UC [CAMPUS] Chancellor [NAME] will consider approval of the [PROJECT NAME]; approval is anticipated no sooner than [DATE]. In accordance the California Environmental Quality Act (CEQA) and the University of California guidelines for the implementation of the CEQA, the campus proposes that a [TYPE OF DOCUMENT (EIR, IS/MND, ETC.)] and [MITIGATION MONITORING AND REPORTING

PROGRAM (MMRP)—if applicable] be adopted by The Regents/President/Chancellor on [DATE] in support of the proposed [PROJECT NAME]. The purpose of this notice is to advise the public of the proposed approval action of the project.”

Chancellor Approves Item: Any comments/edits received from UCOP on the Draft Action Item during the 15-day review is incorporated into the final draft that is signed by the Chancellor.

Signed Project Approval Documents: The campus retains the original documents and send a copy to UCOP (via CRM-DelegatedItems@ucop.edu) within 5 working days of Chancellor Approval.

Notice of Determination or Exemption: The campus submits Notice of Determination and, in its discretion, a Notice of Exemption to the State Clearinghouse and copies the UCOP Physical and Environmental Planning office.

Capital Projects Database: The campus enters project information into the Capital Projects Database during the quarterly update immediately following the project approval(s).

Notice of Completion: The campus keeps the original Notice of Completion (NOC) and sends a copy to UCOP (via CRM-DelegatedItems@ucop.edu) within 5 working days of filing the NOC.

Post-Project CIBs: Within 60 days after the filing the Notice of Completion (or building occupancy if there is no Notice of Completion) the campus submits, by entering it as approved by campus into the Capital Projects Database, an updated post-construction CIB showing any “as-disbursed” changes to date to the prior approved CIB.