

PROCEDURES: Capital Construction Projects

AUTHORITY: University Administration
RESPONSIBILITY: Vice President Finance and Administration
Effective Date: TBD

Purpose

To Implement the Capital Projects and Renovations policy, the following specific actions will be taken to conform to the established policy. These procedures set forth the documentation and processes for construction and renovation projects at the University of Winnipeg.

Responsibility: The Vice President Finance and Administration, on behalf of The Administration of the University, is responsible for the development, administration and review of these procedures.

Principles

The construction and renovation of University facilities represent significant expenditure of resources and can have material impacts on the functionality of the University's facilities as well as our ability to achieve our sustainability goals. It is therefore critical that appropriate planning is performed prior to the start of any project and that the appropriate controls and processes are in place to ensure that project risks are managed, budgets are adhered to and user needs are well articulated and considered.

Definitions

Sole Source Items – items whose specifications limit their purchase to only one known source of supply

Single Source Items – items that are purchased from a single supplier and can be substituted by alternative suppliers but buyer sources from single supplier for a strategic reason.

Capital Assets / Projects – those tangible, non-consumable items or projects which:

- a) Have a total cost in excess of \$2500; and*
- b) Are intended to have an economic life of more than one year; and*
- c) Are necessary, economical and in accordance with overall University priorities and financial capacity.*

Scope

These procedures apply to all capital construction and/or renovation projects which involve either the expenditure of funds administered by the University and/or which concern facilities either owned or

leased by the University. The same policies apply to the University of Winnipeg Community Renewal Corporation (UWCRC) when they are managing a project on behalf of the University.

Responsibility

Board of Regents:

- Approve all capital projects exceeding the value of \$250,000
- Review Capital Projects Update semi-annually for all projects over \$250,000 in value.

Vice President Finance and Administration:

- Ensure appropriate business cases are in place for all capital projects and renovations
- Ensure that the University has a process in place to monitor adherence and compliance with University policy and procedures relating to Capital Construction
- Ensure internal and appropriate external stakeholders are consulted appropriately throughout the project, and
- Ensure that the project appropriately balances up front capital costs with user needs, on-going maintenance costs and environmental impacts.
- Ensure any new construction or major renovation project 10,000 square feet or larger shall be built to LEED Silver standards or better. Projects smaller than 10,000 square feet shall comply with Procedures and Guidelines set under the Asset Management Policy.

Associate Vice-President Capital Planning

- Ensure proposed projects align to the Master Campus Plan

Physical Plant / Facilities / TSC / Purchasing Services / Other service departments

- Review designs at critical milestones to ensure that the facility will meet University standards and needs
- Ensure all projects meet the University's current technical and construction specifications and provide an assessment of compliance with building codes.
- Ensure all projects are designed to allow for appropriate operation of completed facilities

- Manage renovations to existing facilities, unless otherwise approved by the VP Finance and Administration

Project Sponsor

- The Dean, Director or Senior Administrator accountable for the program needs of the project.
- Responsible for ensuring the project meets the functional needs of the users, project timelines are adhered to, and the project budget is met.
- Support and advocate for the project through approval processes
- Ensure users respond in a timely manner to requests for input from the project team
- Approve the functionality of the proposed project, including any changes that materially impact functionality. The Project Sponsor should be identified in the Project Charter.

End Users

- Involved in planning to ensure project will meet their needs
- Advised of project progress and consulted on significant change orders
- Actively engaged and available when needed in the project to facilitate efficient information gathering, user approvals, etc...

Space Management Committee

- Any changes to existing facilities which will impact current or future functionality of that space or the addition of new non-housing space should be considered and approved by the Space Management Committee prior to the start of construction and/or at the conceptual stage for larger projects.
- Ensure that projects are consistent with the University's space needs and Capital Plans

Project Manager

All capital projects and renovation projects will be assigned a Project Manager. The project manager may be an internal resource from Facilities, Campus Operations, UWCRC or hired externally depending on the scope and needs of the project. The Project Manager is responsible for

- Managing the project (including acquisition of fixtures, furniture and equipment where applicable), ensuring that the deliverables are provided in line with the project plan, timeline and budget.
- Advising the project sponsor of any breaks from project functionality, timeline or budget

- Ensuring project deliverables are in alignment with the project scope of work
- For projects with an expected cost in excess of \$250,000, developing a project charter which defines responsibilities of the significant roles in the project, who may approve what and what needs to be communicated to whom, when for projects larger than \$250,000. The project charter to be approved by the Project Sponsor and VP Finance and Admin.
- Ensuring that appropriate project approvals are obtained at key milestones and for all change orders and that those approvals are retained on file.
- Coordinating all necessary communication related to the project including internal stakeholders (users, people required to move, academic scheduling, academic departments impacted by construction or noise, etc...) and external stakeholders (neighbours, tenants, partners, City, Funders, etc...)
- Ensuring that all necessary project documentation is retained in a central location accessible by the project team
- Setting the project timeline and monitoring project progress along that timeline
- Ensuring smooth transition from construction to operation of facilities including the transfer of shop drawings and warranty documents
- Creating (and sharing with the Capital accountant) a change order log that reconciles to the progress billings as well as includes expected change orders and their values
- Documenting lessons learned as the project is progressing to assist with future projects
- Ensuring, through consultation with the University's manager of Insurance when applicable, appropriate insurance is in place for the project
- Preparing a performance appraisal on each contractor after each project that will be kept on file for future reference.(see attached form Appendix A)
- Ensuring that all sustainability guidelines are being followed and/or that the project's LEED process is in place

Capital Accountant

- For major projects the Capital Accountant will:
 - Sets-up accounts to track approvals, budgets, revenues, holdbacks, expenditures, insurance information, change orders, major agreements and commitments for the project.

- Review, code and sign off on all project invoices to ensure relevance, accuracy, funds availability (both remaining project budget perspective and cash on hand) and adequate support/documentation (ie: WCB clearance, Statutory Declarations, Architect certification, appropriate authorizations, etc)
- Ensure that on the day of the contractor payouts the legal lien search is completed and upon receiving notification of clear title, the cheque to the contractor is released. Ensure that the holdback is put into a segregated trust account and only released after all the legal requirements of the Builders' Liens act is met
- Monitors trust accounts to watch for Foundation funding and requests transfers into the project
- Requests funding, set up loans, transfer levies
- Prepare financial reports on the project for funders on the basis of funding agreements. Prepares reconciliations and provides pertinent back up (to include cancelled cheques, invoices, etc.)
- Reviews funding agreements prior to execution to ensure that the University is able to comply with the financial reporting and insurance requirements
- Provide support to the Project Manager to ensures appropriate insurance (Construction Wrap up/liability, Course of Construction/Builders Risk and depending in the funding agreements may need Professional Liability and Surety Bonds) is in place for the project.
- Notify Project Manager and Vice President Finance and Administration and project sponsor of any anticipated material project overages

Owner's representative

- For large and /or complicated projects the University will hire an owner's representative to oversee construction and ensure that the construction team is delivering the project consistent with the contract and the University's needs. Where the project is developed by the UWCRC, the UWCRC may act as both developer and owner's representative.

Project Records

All important documents related to a project should be retained on the network in a project specific drive accessible to key stakeholders and the project team. Original signed contracts should be forwarded to the University Secretary and General Counsel's Office for filing.

Important documents include all signed contracts, funding agreements, summaries of tender documents and outcomes.

Even where third parties are involved in the process, the University must retain/possess adequate documentation to support decisions under audit or legal action.

These documents should be retained in line with the document retention policy.

Business Case

A business case justifying the project and defining its scope must be prepared before projects are approved. The sophistication and detail of these cases should be appropriate for the size of the project. Very large projects should have full written business cases substantiated by professional estimates of key variables. Very small projects can have less formal plans but should still indicate the important items were considered. The business plans for all projects should consider the following:

- a best estimate of costs and funding sources for construction or renovation costs and key assumptions used
- administration's best estimate of new ongoing operating costs (if applicable) and how they will be funded including key assumptions used
- an assessment of the impact of the project on the University's sustainability goals including
 - impact on the University's energy use profile and greenhouse gas (GHG) emissions profile,
 - opportunities to leverage the project to achieve sustainability improvements, as well as
 - identification of key social sustainability impacts of the project.

Business cases including key assumptions should be submitted to the Capital Accountant once finalized to be retained with other project documentation on the network project drive.

Approvals

Prior to the construction or renovation of any project impacting on the current or future functionality of existing space or addition of new non-housing space the following approvals are required:

- Space Management Committee
- Associate Vice-President Capital Planning
- Vice-President Finance and Administration
- Facilities and TSC (to ensure adherence to University construction standards and appropriate codes)

Projects with a total expected cost of over \$100,000 also require the approval of:

- Executive Priorities and Planning Group (President/VP/AVP group)

Projects with a total expected cost over \$250,000 also require the approval of the Board of Regents.

Documentation of the approvals received and when should be retained with other project documentation on the network project drive

Competitive Bid Process

Professional services (Architects, Project Managers, Owners Representatives, etc...) with a cost in excess of \$25,000 should be tendered in accordance with the same requirements below, unless the professional service is being provided by a controlled entity (i.e. project management services provided by the UWCRC).

Construction Management Services, materials and construction services should be tendered in accordance with the following guidance:

| Expected Project Cost | Competitive Process |
|------------------------------|--|
| \$1 - \$25,000 | Minimum of one (1) written quotation taken from the next vendor on a pre-qualified vendor listing If no pre-qualified listing is in place, three (3) quotes should be obtained. |
| \$25,001 - \$75,000 | Minimum of three (3) written quotations are required for the work and are to be retained on file. |
| \$75,000 - \$250,000 | In accordance with the provisions of the NWPTA and CFTA, formal published Invitations to Bid for Proposals is required; documentation that bids or proposals were received is to be kept on file. |
| Over \$250,000 | In accordance with the provisions of the NWPTA,CFTA and CETA, where services are not captured under CETA, formal published invitations to Bid for Proposals should be utilized with a reasonable number of potential bidders, but not less than three (3). |

Where administration believes there is value the University will utilize an Integrated Project Delivery system. This is a form of design assistance in which the General Contractor and sub-trades critical to the success of the project (for example, mechanical and electrical) are selected during the project design phase. These trades are tendered, based on building concepts, anticipated functionality and drawings completed to date. The selection process, which involves the general contractor and the project manager, also uses a balanced scorecard approach which evaluates price along with other critical success factors to identify the bid which provides the best value.

There is a provision that if final pricing by that trade is deemed unreasonable or inconsistent with the project's anticipated budget, the University reserves the right to re-tender when the balance of the project is tendered. The purpose of this construction method is to engage the expertise of these trades in the design process. This often improves the efficiency and effectiveness of the design since all parties involved understand the needs and constraints of the project from the onset. It also reduces change orders, as these trades are directly involved in the refinement of their scopes of work, making it less likely and more difficult for them to require change orders at a later time as the result of design deficiencies or coordination issues.

Any deviation from the above shall require prior written authorization of the Vice-President Finance and Administration and include an explanation of the rationale for the deviation from policy. Single source contracts worth over \$250,000 require approval of the Board or Regents. The rationale for the single source or sole source purchases should be documented and retained on the network project file.

A Capital Expenditure Authorization form shall be completed and approved, in advance, in respect to each project for internally managed projects. This form must then be attached to the subsequent purchase requisition(s) before a Purchase Order will be issued.

Insurance

- All construction projects with a value of greater than \$750,000 as well as construction projects of a high risk nature (ie roof replacements) should have construction insurance (both Construction Wrap up/liability and Course of Construction/Builders Risk)
- At minimum one month prior to the construction start date the project manager should approach the Capital Accountant to assist with the purchase of the construction insurance. At that time the Project Manager will complete with the assistance of the Capital Accountant a blank insurance application. There will be a greater chance of multiple quotes from the broker (usually provides for a better premium and coverage) if there is a few weeks of lead time prior to the start of construction.
 - If piling work is to be done on the project, the project manager should ensure that photo's of the inside and outside of the buildings surrounding the construction site are taken to ensure that we know the state of them prior to the piling impact taking place
- All projects thru the additional terms and conditions of the purchase order require Commercial General Liability and Errors and Omissions insurance throughout the term of the agreement. As evidence of this insurance, a Certificate of Insurance is required from the Contractor naming the University of Winnipeg as an additional insured with a minimum value of \$2,000,000 per occurrence. This certificate should be provided to the project manager prior to commencement of the provision of services under the agreement. A copy of this should be scanned into the project specific network drive and the original should be sent to the Capital Accountant. As well

the certificate must state the purchase order number and that at least thirty (30) days prior written notice to University will take place if the insurance is to be cancelled.

Safety.

- The University of Winnipeg manages a full Safety and Health Program including Asbestos Management and Contractor Safety.
- All projects are referenced against the University's inventory of buildings in order to determine if there will be any disturbance of Asbestos Containing Materials (ACM) as a responsibility set out in the Asbestos Management Program. If there is any risk of disturbing ACM, the university abates all such material according to provincial regulations under the Workplace Safety and Health Act (W210 10/02) prior to commencement of any renovation work.
- Contractors are considered, in part, by their safety program certification, and preference is given to contractors who are COR certified through their respective associations – (Construction Safety Association of Manitoba, Manitoba Heavy Construction Association etc.). Contractors communicate with the University of Winnipeg Physical Plant and Safety Office through regular site meetings and through incident reporting. All serious incidents are reported to Department of Labour (Workplace Safety and Health Division) and are investigated according to regulation.
- For requirements dependent on the contract, the safety office website or call Safety and Health Specialist at the University of Winnipeg (204) 786-9894.

For documentation and/or training that must be completed or provided by both parties, please visit the safety office website or call Safety and Health Specialist at the University of Winnipeg (204) 786-9894.

Change Orders

Most major capital projects have change orders. They may result from design deficiencies, coordination issues between various members of the project team, unanticipated site conditions, design changes requested by the owner, or changes required by plan or building inspection. The University (or its representative) process reduces change orders by engaging users and maintainers in the building process on an ongoing basis and utilizing integrated project delivery. All change orders require signature by the architect (if applicable), project manager, and University (or its representative) before being implemented. In a situation where a change is critical to the timeline, the cost is not significant and can be funded from within the budget of the project, site instructions may be provided by the Project Manager which allow the change to occur. A formal change order with appropriate signatures and approvals should be prepared and approved as soon as possible afterwards.

Project Planning Committees

(1) For projects where the total cost is not expected to exceed \$100,000 a small planning committee will be established, with membership consisting of the following individuals, at a minimum:

- the Project Manager for the project;
- at least one representatives from the department(s) directly involved with or affected by the project, one of whom should be an administrative department head; and
- the Project Sponsor if different than above.

Depending upon the specific requirements of the project, additional representatives from other departments (e.g., the Technology Solutions Center, Security Services, Safety Office, etc.) will be invited to join the planning committee.

If the project involves or affects one or more academic units, the senior administrator responsible for that unit, or his/her designate, shall be invited to join the planning committee.

The committee will meet as often as is required. Brief minutes documenting key decisions will be recorded at all meetings and distributed to all members of the planning committee, maintained by the Project manager and stored on the network project drive.

(2) For projects where the total cost is expected to exceed \$100,000 a planning committee will be established, with membership consisting of the following individuals, at a minimum:

- the Project Manager for the project;
- A member of the Facilities Management team,
- one or more representatives from the department(s) directly involved with or affected by the project, one of whom should be an administrative department head;
- one or more representatives from the project management or construction management firm hired to manage the project;
- one or more representatives from the architectural firm hired to design the project, if applicable; and
- the Project Sponsor if different than above
- One representative from the Campus Sustainability Office

Depending upon the specific requirements of the project a sub-committee to deal with infrastructure issues may be formed and chaired by the Project Manager. If the project involves or affects one or more academic units, the senior administrator responsible for that unit, or his/her designate, shall be invited to join the planning committee.

The committee will meet as often as is required. Minutes will be recorded at all meetings and distributed to all members of the planning committee.

The primary role of the planning committee will be to identify the needs of the department(s) or individual users of the space being developed or redeveloped, and to develop an appropriate design plan to fulfill those needs within the parameters of the project budget.

Project Site Committees

Once the project work begins, a site committee will be established, with membership

consisting of the following individuals:

- Project Manager for the project;
- one or more representatives from each firm involved in the project including subcontractors and, if applicable, the architectural firm and the construction management or project management firm; and
- representatives from other University departments (e.g., the Technology Solutions Center), as appropriate.

The site committee will meet as often as is required. Minutes will be recorded at all meetings and distributed to all members of the site committee.

The primary role of the site committee is to monitor the progress of the project and to respond to any concerns or problems, which might arise during the course of the project. The Project Manager, supported by the Capital Accountant will prepare a project update, on a monthly basis, and be provided to the V.P. Finance and Administration for information. This report will include a report detailing the expense position of the project against the approved budget.

Changes to the Project

Once the project budget has been established and approved, whether through a quotation, or a response to an Invitation to Bid or a Request for Proposals, any change that is proposed to the project which will affect the overall budget must be brought to the attention of the Project Sponsor and Vice-President Finance and Administration including the specific details of the proposed change as well as its cost implications. The University Project Manager will ensure that all appropriate signatures for the particular project are received before authorizing any changes to the project budget.

Post construction

As built drawings must be provided to the campus planning department and all operating manuals, warranty information and other relevant documents should be provided to Facilities or other relevant departments.

Project Evaluation

After all major projects the project team should perform a review to identify lessons learned.

Before the end of the warranty period, a full review of the facility should be performed to identify any issues to be repaired under warranty.

Related Policies and Procedures

- Capital Projects and Renovations Policy
- Space Management Policy
- Purchasing Policy, Purchasing Procedures, and Sustainable Purchasing Guidelines
- Asset Management Policy
 - Cleaning Guidelines
 - Energy Management Guidelines
 - Facility Maintenance and Renovation Guidelines
 - Indoor Water Use Guidelines
 - Integrated Pest Management Guidelines
 - Ongoing Waste Guidelines
 - Outdoor Maintenance Guidelines
 - Active Transportation Infrastructure Guidelines