

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – I

DATE: October 7-8, 2015

SUBJECT: BOR Policy 6:6 – Maintenance and Repair

The current BOR policy limits the campuses’ local maintenance and repair authority to projects that are less than \$25,000. This amount has been in place for at least two decades. At the June physical plant director’s meeting in Pierre, there was a good discussion on increasing the dollar amount of maintenance and repair projects that can be handled on campus. BAC discussed this further at their September meeting and would like to expand the authority to the campuses so they can complete projects up to \$100,000. Currently all projects over \$25,000 are handled by the Office of the State Engineer (OSE) unless they are delegated to the campus. On projects that are less than \$25,000 that require an A/E firm, OSE must be consulted on the A/E selection. A comparison of current and proposed authority levels follows:

Current	Proposed
Projects less than \$25,000 with no A/E	Projects less than \$100,000
Campus	Campus
Projects more than \$25,000 with A/E	
OSE unless delegated by OSE	
Project Approvals	Project Approvals
Annual project list approved by Board	Annual project list approved by Board
Project Changes	Project Changes
	Up to \$100,000 - Campus
\$25,000-\$49,999 – Executive Director	\$100,000-\$250,000 – Executive Director
\$50,000 and more – Board	Over \$250,000 - Board

The universities can still request OSE delegation of a project to the campus. SDSU has a staff of architects, engineers and trades staff that allows them to do a significant-sized project and OSE had recognized that and has been willing to assign many projects to SDSU.

(Continued)

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

I move to approve the changes to BOR Policy 6:6 for first reading as printed in the attachment.

Dr. Shekleton reviewed the statutory authority afforded OSE. Technically, their authority is limited to capital projects involving a building committee on projects of \$1,500,000 or more. The Bureau of Administration (BOA) is contesting increasing the campus authority arguing that the procurement laws require any public improvement procurement of \$50,000 or more go through BOA. The institutions intend to follow state procurement regulations and bidding requirements which BOR believes is what is required. We will continue the dialogue with BOA to see if we can come to a mutual understanding of how this would work moving forward.

Suggested changes to BOR policy 6:6 that would allow local handling of projects less than \$100,000 are attached. Other changes reflect clarifications or the elimination of unnecessary language. We are still debating this change and our authority with the Bureau of Administration and the Office of the State Engineer. This is the first reading of changes to BOR policy 6:6. The Board's input will be valuable as we continue to push these changes with BOA and OSE and the interpretation of purchasing and OSE oversight statutes.

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Maintenance and Repair

NUMBER: 6:6

1. Maintenance and Repair Definitions

The following definitions will be used when classifying maintenance and repair projects:

- A. Maintenance - Maintenance is the recurrent, day-to-day, periodic or scheduled work required to preserve or to restore a facility to such conditions that it can be effectively used for its designed purpose. It includes work done to prevent damage to a facility that would be more costly to restore once damage took place and includes work performed to ensure immediate and continued safe use of the facility. Maintenance includes normal operating expenses (OE) and planned preventative maintenance but for funding purposes will be defined as any project over ~~\$7,500~~\$10,000. Any project exceeding \$1,500,000 will be a capital improvement project and will be governed by Policy 6:4.
- B. Repair - Repair is the restoration of a facility to such condition that it may be effectively utilized for its designated purpose. The repair is done by overhaul or replacement of major constituent parts that have deteriorated by action of the elements or usage. The deterioration has not been corrected through normal operations or maintenance. Replacing roofs, tuck pointing buildings, and replacing air conditioning compressors are examples of repairs. For the purpose of determining funding, repairs are beyond OE capability and normally consist of projects in excess of ~~\$7,500~~\$10,000. Any project exceeding \$1,500,000 will be a capital improvement project and will be governed by Policy 6:4.
- C. Renovation - Renovation is the total or partial upgrading of the facility to higher standards of quality or efficiency than originally existed. New installation of air conditioning, installation of grid ceilings with recessed fluorescent lighting to replace suspended incandescent lighting, and enclosing stairwells to comply with current fire safety codes are examples. Any project exceeding \$1,500,000 will be a capital improvement project and will be governed by Policy 6:4.
- D. Alteration - Alterations change the internal arrangement or other physical characteristics of an existing facility so that it may be effectively used for its designated purposes. Examples are partitioning a classroom into offices or converting a room to laboratory use by installing laboratory benches and fume hoods. Any project exceeding \$1,500,000 will be a capital improvement project and will be governed by Policy 6:4.

- E. Operating Expenses - Operating Expense (OE) funds as they relate to maintenance and repair include the routine, recurrent, periodic or scheduled work required to preserve existing facilities. OE encompasses all activities related to the normal operations of an institution, including purchase of materials, utilities, janitorial services, etc. OE may include maintenance, repair, renovation or alteration projects smaller than ~~\$7,500~~\$10,000.

2. Maintenance and Repair Categories

The following categories will be used to identify the types of maintenance and repair projects:

- A. **Public Health, Safety, and Compliance:** Facilities should be maintained to comply with regulatory requirements required by OSHA, building codes, life safety codes, the Americans with Disabilities Act, and EPA requirements such as asbestos maintenance and abatement criteria.
- B. **Building Integrity:** Building integrity includes the functional systems of the building, including, but not limited to roofs, windows, foundations, primary and secondary structural systems, heating systems, ventilating systems, air conditioning systems, electrical systems, and plumbing systems. Failure to maintain these subsystems will cause increased maintenance and repair costs and increased deterioration of the facility. Failure to maintain these systems can also affect functional characteristics that limit occupant use and comfort.
- C. **Programmatic Suitability (school mission):** Facilities should be configured or space adapted to meet the changing school mission and program requirements.
- D. **Energy and Utility Savings:** Energy conservation projects are facility alterations intended to reduce either energy consumption or operating costs, or both, including insulation of the building or any structure associated with the building, window or door replacement, weather stripping, or modifications that reduce energy consumption, automated or computerized energy control system, replacement or modification to increase the energy efficiency of the lighting, heating, air conditioning, or ventilating systems, energy recovery or cogeneration systems, energy source conversions which provide either operational or energy cost savings, or both; and other energy or utility-related improvements in facilities, systems, or technology that improve energy or metering efficiency.
- E. **Campus Infrastructure:** Campus infrastructure is the networked systems and structures needed for the overall operation and function of the campus physical plant. Campus infrastructure includes electrical substations and power distribution systems, water and fire protection supply systems, sanitary and storm waste water systems, central heating and cooling plants, steam and chilled water supply and return systems, utility tunnels, roads, parking facilities, pedestrian and bicycle pathways, security lighting

and emergency call systems, and telecommunications systems. Campus infrastructure serves zones and individual buildings; it does not include the systems within buildings.

3. Maintenance and Repair Limitations

HEFF revenue uses are limited according to § 13-51-2. Uses include the maintenance and repair of existing facilities. Funds can be spent to plan specific maintenance and repair projects, but institutional campus-wide planning or master planning should not be funded with HEFF. General fund dollars, M&R fee dollars, and Auxiliary System funds dedicated for maintenance and repair shall also be limited to planning projects and maintenance and repair of existing facilities. Furnishings, technology and non-fixed equipment is not considered maintenance and repair and should not be purchased with maintenance and repair funding.

3.4. Office of State Engineer Contracting Authority

The Bureau of Administration is granted authority over capital improvements, major repairs and remodeling in concert with State Building Committees (SDCL § 5-14-3). The Board recognizes the expertise that is provided by the Office of the State Engineer (OSE) in preparing, or causing to be prepared, preliminary plans, final plans, specifications, advertisements, notice and instructions to bidders, proposal forms, contract forms and all work incidental to securing bids and contracts, and the oversight and supervision of construction, repair, rebuilding, or alterations. The following guide shall be used in determining project administration:

A. OSE shall not be involved in projects totaling less than ~~\$25,000~~\$100,000 (all costs and contracts included) unless requested by the institution.~~that do not require an outside A/E firm, unless requested by the institution.~~ The institution shall ensure that all statutory requirements including bid laws, uniform codes and standards, bonding and insurance and purchasing regulations and procedures are followed in conjunction with all projects. The institutions are responsible for keeping accurate records on all projects handled by the institution.

1) Projects can be constructed by institutional personnel or by contracts depending on the most cost-effective method to be determined by the institution. Institutions shall be reimbursed for their effort from the project funds for all direct costs including institutional labor, project coordination, construction materials, and architect/engineering work.

A.B. ~~On projects totaling less than \$25,000~~\$50,000 that require an outside A/E firm, the institutions shall consult~~discuss~~OSE for the designation of the A/E with OSE; however, final selection is managed by the university. The institution may handle the balance of the project and shall ensure that all statutory requirements including bid laws, uniform codes and standards, bonding and insurance, and purchasing regulations and procedures are followed in conjunction with all projects.

- ~~C.B.~~ OSE shall manage all projects totaling ~~\$25,000~~\$100,000 or greater, except where a memorandum of agreement exists for special construction or where an institution receives authorization from OSE to manage the project.

4.5. Maintenance and Repair Funding

Maintenance and repair funding comes from several sources. Revenues from the pesticide tax are provided for the Agricultural Experiment Station. Revenues from the special schools endowment are provided for the South Dakota School for the Deaf and the South Dakota School for the Blind and Visually Impaired. Revenue facilities must provide sufficient resources to fund maintenance and repair needs. Higher Education Facilities Funds (HEFF) and the Maintenance and Repair Fee provide support for academic facilities. Other projects are funded by various institutional funds or from funding identified through special legislation.

5.6. Maintenance and Repair Planning

10-Year M&R Planning - The institutions must submit a prioritized listing of all academic projects covering a ten year period with their annual operating budget request document. The minimum estimated project cost shall be \$10,000, including A/E fees. Project titles should identify the building or facility and depict the nature of the project. The projects should be identified in the year that they are needed and not in the year the funding is anticipated. The listing should identify the projects as maintenance, repair, alteration, or renovation. Each project should also be placed into one of the following categories: Public Health, Safety and Compliance; Building Integrity; Programmatic Suitability; Energy and Utility Savings; or Other. Detailed descriptions and justifications should be available for the two most current years on the list. The plan shall be updated each year with project costs projected using current year dollars.

- ~~6.7. Each institution shall maintain a maintenance and repair plan that includes maintenance, repair, renovation and alteration projects necessary to keep all buildings and facilities in safe and serviceable condition so each institution can support its approved mission. The plan shall consist of a ten year prioritized list with cost estimate, maintenance and repair category, and a descriptive title. Detailed descriptions and justifications should be available for the two most current years on the list. The plan shall be updated each year with project costs projected using current year dollars.~~

~~A project should only be phased if each phase of a project can be considered a complete project and it is a part of sound design practice. Each phase should stand alone and should not be dependent on the next phase starting immediately upon completion of the prior phase.~~

6.7. HEFF Maintenance and Repair

- A. ~~Maintenance and Repair Request~~ - The institutions must submit a prioritized summary listing of all projects covering a ten year period with their annual operating budget request document. The minimum estimated project cost shall be ~~\$7,500~~10,000, including A/E fees. Project titles should identify the building or facility and depict the nature of the project. The projects should be identified in the year that they are needed and not in the year the funding is anticipated. The listing should identify the projects as maintenance, repair, alteration, or renovation. Each project should also be placed into one of the following categories: Public Health, Safety and Compliance; Building Integrity; Programmatic Suitability; Energy and Utility Savings; or Other.

~~The Board shall forward the lists that represent the need for the current operating budget request cycle to the legislature.~~

- ~~B.A.~~ B.A. Maintenance and Repair Allocation - The Board Office shall determine the campus allocation from HEFF based on the annual legislative maintenance and repair appropriation. The formula used to make the allocation shall use academic building replacement costs and the academic building gross square footage. The formula applies a 50%-50% averaging factor to the academic building square footage and replacement values to arrive at an equitable allocation of appropriated funds to each institution.

Each year the institutions must update their square footage information and replacement values to determine the factors. The replacement values are recalculated each year based on the R.S. Means Building Cost Estimator or the values will be adjusted each year by the Building Cost Index Change. The replacement value and square footage for new academic buildings or additions will be added to the total replacement values and the total gross square footage of the institution's academic buildings at a rate of twenty percent each year until the full indexed value and square footage of the new building is included in the allocation model.

- ~~C.B.~~ C.B. Annual M&R Project Approval~~Board Approved Projects~~ - After the HEFF allocation has been determined, the institutions shall have the opportunity to realign their priorities or to identify additional projects as necessary. A final list of projects that reconcile to the HEFF allocation will be submitted to the Board for approval.~~The institutional lists shall be forwarded to the Board for approval.~~

Any changes, other than funding realignments and transfers, to the approved project list for projects estimated to cost ~~\$105~~0,000 to ~~\$250~~100,000 must be submitted for the Executive Director's approval and projects more than ~~\$250~~100,000 must be submitted for Board approval. Projects under \$100,000 (all costs and contracts inclusive) may be approved by the presidents or their designee.

- ~~D.C.~~ D.C. Planning and Design - Each year up to 5% of the institution's HEFF allocation may be identified as a Planning and Design Account. The institutions may expend the

funds without Board approval to prepare cost estimates and to pay preliminary planning and design costs.

- E.D. Project Fund Balances - When a bid is accepted for an amount less than the estimated project cost, the remaining unobligated funds shall become available to the institution. These monies must be available to fund bid overruns on other projects, emergency projects, and change orders on existing projects. If these monies are not available in sufficient amounts to provide funding for occasional bids that exceed the estimates, or for an authorized emergency project, one or more existing project(s) shall be deleted from the institution's maintenance and repair list.

8. General Funded, M&R Maintenance and Repair Fee Funded, and Institutionally Funded, Projects

- A. Annual M&R Project Approval Board Approved Projects - All projects funded with general funds, M&R Fee funds, or institutional funds with revenues from the Board approved Maintenance and Repair Fee shall be submitted to the Board for approval, along with the HEFF project list.

Any changes, other than funding realignments and transfers, to the approved project list for projects estimated to cost \$1050,000 to \$250400,000 must be submitted for the Executive Director's approval and for projects over \$250400,000 must be submitted for Board approval. Projects under \$100,000 (all costs and contracts inclusive) may be approved by the presidents or their designee.

- B. Planning and Design - Each year up to 5% of the maintenance and repair funds shall be identified as a Planning and Design Account. The institutions may expend the funds without Board approval to prepare cost estimates and to pay preliminary planning and design costs.

- C. Project Fund Balances - When a bid is accepted for an amount less than the estimated project cost, the remaining unobligated funds shall become available to the institution. These monies must be available to fund bid overruns on other projects, emergency projects, and to fund change orders on existing projects. If these monies are not available in sufficient amounts to provide funding for occasional bids that exceed the estimates or for an authorized emergency project, one or more existing project(s) shall be deleted from the institution's maintenance and repair list.

79. Auxiliary System Revenue-Building Maintenance and Repair

The auxiliary system encompasses all the facilities that are pledged under BOR bond covenants. The facilities include most residence halls, student unions, and wellness centers. Parking facilities and bookstores may also be included.

- A. Residence Hall 2% Requirement - In order to provide a planned and adequate

maintenance and repair program for all campus residence halls, expenditures equal to at least 2% of the replacement value for all residence halls must be expended on maintenance and repair projects each fiscal year. Contributions to fully fund the RRR requirement for bonded projects may be applied to the 2% annual M&R expenditure requirement. Dollars spent that bring the RRR fund below the minimum requirement will not be counted as part of the 2% annual M&R expenditure requirement. These expenditures may be averaged over a five year period to obtain the minimum 2% expenditure level. When determining the base for the 2% calculation, new buildings and major renovations will be included in the calculation at a rate of twenty percent each year until the full value of the new building or major renovation is included in the model. For purposes of a major renovation, it will be any project that is more than 20% of the current building replacement value.

—~~Revenue funded~~ Maintenance and repair consists of expenditures for maintenance, repair, alteration and renovation projects. Renovations or remodel projects that are bonded are included as part of the maintenance and repair expenditures to the extent of bond proceeds expended on maintenance and repair. On-going expenses for operations and maintenance and routine replacement of capital assets are not to be included in the 2% calculation.

8. ~~Institutionally Funded Maintenance and Repair~~

~~All institutionally funded projects including revenue funds and other institutional funds (excluding the maintenance and repair fee) estimated to cost \$50,000 to \$100,000 must be submitted for the Executive Director's approval. All projects over \$100,000 must be submitted for Board approval. Projects under \$50,000 (all costs and contracts inclusive) may be approved by the Presidents or their designee. The institutions shall submit a list of projects over \$50,000 to be funded with institutional funds, along with the HEFF project list. (We don't do this now. These projects are handled through the consent calendar.)~~

9.10. SDSD and Agricultural Experiment Station ~~Other Funded~~ Maintenance and Repair

Funds for maintenance of the facilities at the South Dakota School for the Deaf and the South Dakota School for the Blind and Visually Impaired are provided from the special schools endowment. Funds for maintenance of the facilities at the Agricultural Experiment Station are provided from the revenues from the pesticide tax. All projects funded with other funds shall have Board approval.

These funds shall be allocated on an "urgency of need" basis. The Executive Director shall forward a recommended project list to the Board each fiscal year.

10. ~~Maintenance and Repair Fee Funded Projects~~

~~A. Board Approved Projects - All projects funded with revenues from the Board approved Maintenance and Repair Fee shall be submitted to the Board, along with the HEFF project list.~~

~~Any changes, other than funding realignments and transfers, to the approved project list for projects estimated to cost \$50,000 to \$100,000 must be submitted for the Executive Director's approval and for projects over \$100,000 must be submitted for Board approval.~~

~~B. Planning and Design - Each year up to 5% of the maintenance and repair funds shall be identified as a Planning and Design Account. The institutions may expend the funds without Board approval to prepare cost estimates and to pay preliminary planning and design costs.~~

~~C. Project Fund Balances - When a bid is accepted for an amount less than the estimated project cost, the remaining unobligated funds shall become available to the institution. These monies must be available to fund bid overruns on other projects, emergency projects, and to fund change orders on existing projects. If these monies are not available in sufficient amounts to provide funding for occasional bids that exceed the estimates or for an authorized emergency project, one or more existing project(s) shall be deleted from the institution's maintenance and repair list.~~

11. Maintenance and Repair Guidelines

A. Work Requests - All projects involving the OSE require an OSE work request signed by the pPresident, or his/her designee and the eExecutive eDirector, or designees. OSE work requests are required for all planning and design projects, studies, and testing that is done outside the scope of an approved project. Projects that are done in phases through OSE require a work request for each phase.

~~Projects that require approval by the Board require a work request regardless if OSE is to be involved. If OSE is not to be involved, the work request should indicate whether the project shall be done by the institution or contracted.~~

1) ~~HEFF and Maintenance and Repair Fee Projects: Work requests are required for all projects totaling \$25,000~~\$50,000 ~~or more, or for any project involving OSE. A work request is required for all planning and design, studies, and testing that is done outside the scope of an approved project. Work requests should be signed by the President or his/her designee and the Executive Director.~~

2) ~~Institutionally Funded Projects: Work requests are required for all projects totaling \$25,000~~\$50,000 ~~or more or for any project involving OSE. Work requests should be signed by the President or his/her designee and the Executive Director.~~

- B. A/E Selection and Fee - The institutions may engage an Architect/Engineer or Consulting Engineering firm following state procurement regulations for engaging professional services, or through the, through the Office of the State Engineer, ~~may engage an appropriate Architect/Engineer or Consulting Engineering firm to~~ informally advise upon or to formally carry out project planning, except for new construction or capital improvements (see Capital Improvements 6:4).

In order to achieve greater efficiencies, similar maintenance and repair projects may be grouped into packages for design and bidding purposes, ~~by OSE~~. The A/E selection process used by OSE is based on A/E expertise, past performance, geographic location, and the number of previous state contracts and shall be carried out in the manner described in SDCL § 5-14-3.

If hired by OSE, ~~t~~The fee to be paid the Architect/Engineer shall be computed from the State Engineer's Architectural/Engineering Fee Schedule by using the established percentages applied to the total construction cost of the project. Total construction cost includes: planning, contracts, direct purchase of labor and material, and add alternates designed but not taken and accepted by the State. Deduct control orders shall not be considered in computing the total construction cost of the project.

- C. ~~Institutional Control of Projects of \$25,000\$50,000 or More - Projects can be constructed by institutional personnel or by contracts depending on the most cost-effective method to be determined by the institution in consultation with the Office of the State Engineer. Institutions shall be reimbursed for their effort from the project funds for all direct costs including institutional labor, project coordination, construction materials, and architect/engineering work.~~

Institutional Control of Project of \$100,000 or More - A work request must be submitted to OSE requesting institutional control of a project of ~~\$25,000\$1050,000~~ or more. ~~Only after the work request is approved should the campus initiate any conversations with OSE regarding assignment of project control to the institution.~~ The work request should reflect the institution's intention to request such institutional control. ~~When approval for the project has been received, discussions on the control of the project can begin. If institutional control of the project is not approved by OSE, the institution shall submit a new work request.~~

- D. Award of Construction Projects ~~-Projects to be constructed all or in part by contract shall be awarded through the competitive bid process according to SDCL ch. 5-18. Projects constructed all or in part by contract shall follow Board of Regents purchasing guidelines and procedures when the amount for the construction project involves the expenditure of a sum less than \$25,000\$50,000 or involves the purchase of supplies, materials, or equipment involving the expenditure of a sum less than \$7,500\$10,000. If a contract involves the expenditure of a sum of \$25,000\$50,000 or more or for the purchase of materials, supplies or equipment that involves the expenditure of \$7,500\$10,000 or more, it shall be advertised pursuant to SDCL § 5-18-3. Projects to be constructed all or in part by contract with an estimated cost of more than \$50,000~~

shall be awarded through the competitive bid process as defined in SDCL Ch. 5-18A & B. Construction projects to be constructed all or in part by contract with an estimated cost of less than \$50,000 shall be awarded in the best interest of the university. The purchase of supplies, material and equipment for construction projects constructed by university personnel shall be made according to BOR Purchasing Policy 5:4.

After a project has been bid, the OSE or institution shall review the bids and identify the lowest responsible bidder meeting the specifications of the project pursuant with SDCL § 5-18A-3-9. On projects handled by OSE, the OSE shall make a recommendation to the institution, indicating which bidder should receive the contract. The institution shall respond with a "funding letter" identifying the amount of funding available for the project. In most cases this shall be the contract amount plus a 5%-15% contingency pool, and including all other costs, such as A/E cost, OSE billings, testing, and related institutional costs, fees and assessments.

The designer of record shall compare the bids received and prepare a written tabulation and analysis of the bids and a recommendation on awarding contracts. The bids shall be accepted or rejected after evaluating the bids and the available funding. Projects shall ordinarily be rejected when the lowest construction bid (plus A/E fees) is determined to be out of line with estimated costs. On projects handled by OSE, the OSE shall notify the Board of Regents or the institution as appropriate if the determination is made to reject all bids. The institution should follow up with a letter responding to the recommendation. Batched or grouped projects may be accepted or rejected in the same manner.

- E. Change Orders - Change orders are modifications or changes to the original plans, specifications or contract documents. Add-on change orders to construction contracts should not be approved for payment purposes until they are signed by the appropriate persons according to the Board of Regents operating procedures. Change orders should only be requested for unforeseen conditions found during construction or design errors not identified in the design phase. Change orders may arise from a variety of legitimate causes, such as changing program requirements or unanticipated needs.

Change orders may not be used to change the project scope. Changing the scope of a project requires a new bid. SDCL § 5-18-~~B19~~18.3.

- F. Payments - The institutions should handle payment of vouchers in a timely manner such that late penalties are not incurred.

On projects handled by OSE, vouchers that have been approved for payment shall be sent to the appropriate agency according to the operating procedures. Vouchers for projects funded through Building Authority shall be processed through that office.

Any problem with vouchers or warrants is to be handled by a single contact person designated by each institution. Each institution must assure efficient processing of all maintenance and repair expenditures and related fiscal matters.

12. Emergency Projects

An emergency project is a project that is necessary in order to protect public health and safety or to save a building's integrity. The Executive Director may give approval to any emergency project in consultation with the Board President or his or her authorized representative so that it may proceed until formal Board approval is granted. Emergency approval may also be given by the Executive Director for projects where substantial cost savings can be realized if advertised and awarded before approval can be obtained at the next regularly scheduled Board meeting. The requesting institutions must demonstrate why this substantial cost savings could not be realized if approval were delayed until the next Board meeting. Emergency approval granted by the Executive Director is not the equivalent of an emergency per SDCL § 5-18A-93.1. Emergency award of a contract without advertising is only warranted when awaiting regular advertising for bids would seriously impair public services to be provided. Specific approval to proceed according to SDCL § 5-18A-9-3.1 must be requested from the Board's General Counsel and approved by the Executive Director.

Funding for emergency projects will come from appropriate maintenance and repair pools at the institution requesting the emergency or from other institutional funds. ~~Each fiscal year, the Executive Director may deduct \$100,000 from the system's HEFF M&R funding to be set aside for emergency projects. The emergency fund shall only provide for temporary or remedial repairs to campus facilities and should not be available to fund the entirety of any project.~~

~~Emergency funds shall only be used after the institution has exhausted all other maintenance and repair funds available. This would include canceling or deferring approved projects and using available fund balances. The Executive Director can divert funds from any institution to fund emergency projects.~~

~~The Executive Director may direct the discontinuance of or delay the progress of approved maintenance and repair projects at any time prior to execution of construction contracts.~~

13. Approval and Authority

The following summary tables shall be followed to assure proper authorization and approval of projects:

A. Institutional, ~~Funded~~, HEFF, ~~and~~ Maintenance and Repair Fee, Auxiliary System and General funded maintenance and repair approvals:

Project Funding	Project Approval	Work Request	Contract Authorization
\$7,500—\$24,999 \$10,000 - \$99,999-49,999 No A/E Contract	Initial List Approved by Board Changes - Institution Assigns A/E	No – Unless Campus Requests OSE Involvement	Institution <u>or OSE</u>
\$7,500—\$24,999 \$10,000—\$49,999 With A/E Contract \$25,000—\$49,999 \$105,000 - \$250,000 No A/E Contract	OSE Assigns A/E Institution Assigns A/E OSE Initial List Approved by Board Changes -Executive Director	Institution Institution Executive Director Yes	Institution OSE
\$50,000—\$100,000 With A/E Contract	Executive Director	Executive Director	OSE
Over \$250,000-100,000	Board	Yes Executive Director	OSE

B. Special Legislation, SDBA Funded and Bonded Projects shall be handled according to the authorizing legislation.

14. OSE Operating Procedures

The following operating procedures shall be followed to assure that the necessary approvals and signatures have been obtained on projects handled by OSE. This should include all projects of ~~\$25,000~~\$1050,000 or more (unless OSE has given the institution control or a joint powers agreement is in place) and any project under ~~\$25,000~~\$1050,000 where the institution desires OSE to handle it.

A. Routine HEFF (Higher Education Facilities Fund), Maintenance and Repair Fee, and Institutional Funded Projects:

- 1) Work Request: An OSE work request must be signed by the ~~p~~President, ~~or his/her~~ designee and the ~~e~~Executive ~~d~~Director or designees of the Board of Regents when necessary.

- 2) Bid Advertisements/Recommendations: The OSE should send their bid advertisements and bid recommendations to the institutional contact person.
- 3) Contracts/Change Orders: The contracts and any change orders should be sent to the institutional contact person. The President or his/her designee shall sign all contracts and change orders.
- 4) Vouchers: The vouchers should be sent to the fiscal contact person identified for each institution.
- 5) Correspondence: The institutional contact should be copied on correspondence.

B. Special Legislation Projects and Bonded Projects (Not South Dakota Building Authority):

- 1) Work Requests: An OSE work request must be signed by the ~~p~~President of the institution ~~or his/her designee and the, e~~ Executive ~~d~~Director of the Board, ~~or designees, of Regents.~~
- 2) Bid Advertisements/Recommendations: The OSE should send their bid advertisements and bid recommendations to the institutional contact person and the Executive Director of the Board of Regents.
- 3) Contracts/Change Orders: The contracts and control orders should be routed to the institutional contact person for the ~~p~~President's signature, ~~or his/her designee~~ and the Board Office for the ~~e~~Executive ~~d~~Director's signature, ~~or designees.~~
- 4) Vouchers: The vouchers should be routed to the fiscal contact person at the institution for coding and final approval.
- 5) Correspondence: The institutional contact person and the Executive Director of the Board of Regents should be copied on correspondence.

C. SDBA Funded Projects:

- 1) Work Requests: An OSE work request must be signed by the ~~p~~President of the institution, ~~or his/her designee and the e~~ Executive ~~e~~Director of the Board of Regents, ~~or designees.~~
- 2) Bid Advertisements/Recommendations: The OSE should send their bid advertisements and bid recommendations to the institutional contact person and the Executive Director of the Board of Regents.
- 3) Contracts/Change Orders: The contracts and change orders should be routed to the institutional contact person for the President's signature ~~or his/her designee,~~ ~~and~~ the Board Office for the Executive Director's signature, ~~or designees.~~

- 4) Vouchers: The vouchers should be routed to the SDBA for coding and approval.
- 5) Correspondence: The institutional contact person and the Executive Director of the Board of Regents should be copied on correspondence.

D. SDBA Bonded Projects:

- 1) Work Requests: An OSE work request must be signed by the ~~p~~President of the institution ~~or his/her designee~~ and the ~~e~~Executive ~~d~~Director of the Board of Regents, ~~or designees~~.
- 2) Bid Advertisements/Recommendations: The OSE should send their bid advertisements and bid recommendations to the institutional contact person and the Executive Director of the Board of Regents and the SDBA.
- 3) Contracts/Change Orders: The contracts and change orders should be routed to the institutional contact persons for the ~~p~~President's signature ~~or his/her designee~~, the Board Office for the Executive Director's signature, and the SDBA for the Executive Secretary's signature and the President of the SDBA's signature, ~~or designees~~.
- 4) Vouchers: The vouchers should be routed to the SDBA for coding and approval.
- 5) Correspondence: The institutional contact person and the Executive Director of the Board of Regents should be copied on all correspondence.

~~15. Maintenance and Repair Reporting Procedures~~

~~— The institutions shall be required to report quarterly on the status of their HEFF and maintenance and repair fee projects. All the institutions shall use the same format determined by the Board Office.~~

~~16.~~15. Office of the State Engineer

The Office of the State Engineer shall assess a service charge on all projects. The charges shall be based upon all expenses incurred for plans, specifications and supervision of construction, including the actual and necessary expenses of the Bureau of Administration. (SDCL §§ 5-14-6, ~~5-14-7~~). Anything to add here?

SOURCE: Revised, BOR, December 1993; October 1996; October 1998; March 2003; March 2004; April 2007; December 2010; April 2013.