

Guidelines For Capital Projects Involving Donor Funds

I. Campus Review

Capital projects, regardless of funding source, must go through all standard campus reviews and approvals including the Campus Planning Committee (CPC), the Design Review Committee and the appropriate Campus Control Points.¹ Also, all major capital projects, including donor-funded projects, must have a Building Committee appointed by the appropriate Campus Control Point (Guidelines for appointment of Building Committees are in the CPC Notebook). For projects that are primarily donor funded, a Control Point may choose to appoint one or more donors to the Building Committee; however, membership of all Building Committees must have a majority of campus representatives and must be chaired by a campus member. Donor funded projects are expected to budget for and cover all costs that are reasonably directly connected to the project. Examples of affiliated costs are: landscape, parking, sidewalks, bike paths, roadways and relocation of campus utilities. A final decision regarding a specific project's responsibilities for covering affiliated costs will be made by the Chancellor in consultation with the Campus Planning Committee.

II. STATE-FUNDED PROJECTS

- A. For projects that are state-funded, a contract exists between the University and the State to provide the assignable square feet and the described program within the approved budget. Therefore, while it is certainly possible and desirable to supplement state-funded projects with donor funds, it is necessary to establish fundraising schedules in order to ensure that the campus fulfills its obligations to the state and does not jeopardize state funding.
- B. For proposed state-funded major capital projects that require donor funds in order to complete an essential program element, at least 50% of total donor funds must be raised and available for deposit to a Plant Account, and the remaining 50% of donor funds must be in the form of legally binding pledges, prior to submission of the project to the State. If bridge financing is needed, the amount of funds raised and pledged must be sufficient to cover the cost of the project, administrative costs and interest associated with financing. The Accounting Manual addresses appropriation and expenditure of donor funds for capital projects. Please see the Accounting Manual located on the Web at:
< <http://www.ucop.edu/ucophome/policies/acctman/> >

¹ Campus Control Points include Chancellor, Executive Vice Chancellor, Vice Chancellors, Provosts and Deans.

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- C. For state-funded major capital projects that propose to fund-raise to enhance the project, the following guidelines should be followed to avoid project delays and/or extra costs to the state-funded component of the project:
1. Enhancements that involve adding assignable square feet: The Control Point for the project is responsible for funding the incremental design costs associated with the desired addition. At least 50% of total donor funds must be raised and available for deposit to a Plant Account and the remaining 50% of donor funds must be in the form of legally binding pledges, by the completion of schematic design. If bridge financing is needed, the amount of funds raised and pledged must be sufficient to cover the cost of the project, administrative costs and interest associated with financing.
 2. Enhancements that involve improving the quality of the interiors of the building or the exterior landscape: All funds, including internal management and external design costs, should be deposited in the Plant Account no later than the end of working/construction drawings. Changes to a project made during working drawings require approval of the Executive Vice Chancellor.
 3. Enhancements that involve improving the quality of exterior materials on the building: All funds must be raised and available for deposit to a Plant Account by the end of 50% working drawings.

III. Non-State Funded Projects

Projects that are non-state funded may be 100% donor funded or partially donor funded. Non-state funds that are available for capital projects include revenue from: housing, parking services, auxiliary enterprises, campus discretionary funds, grants, private philanthropy and student fees. The most common project will have a mix of funding of which donor funds represent one source. Non-state funded projects, unlike state-funded projects, are able to adjust their schedules to take into account a fundraising plan. The following are general guidelines that assume that the project has completed the campus review process and a funding plan has been approved:

- A. Projects that are proposing 100% donor funding: The Control Point for the project is responsible for funding any pre-design costs should donor funding not be available. At least 50% of total donor funds must be raised and available for deposit to a Plant Account and the remaining 50% of donor funds must be in the form of legally binding pledges by the completion of schematic design. If bridge financing is needed the amount of funds raised and pledged must be sufficient to

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cover the cost of the project, administrative costs and interest associated with financing.

- B. Mix Funded Projects can proceed with project approval and design under the following conditions:
1. If donor funding is not secured, the project can still be built by eliminating donor components.
 2. The Control Point funds 100% of the costs associated with incorporating the donor funded component of the building in the design documents.
 3. All funds are in the Plant Account or in legally binding pledges prior to the project going out to bid.
- C. Projects for which donor funding comprises over 30% of the proposed funding: At least 50% of the total donor funds must be raised and available for deposit to a Plant Account and the remaining 50% of the donor funds must be in the form of legally binding pledges by the completion of schematic design. If bridge financing is needed, the amount of funds raised and pledged must be sufficient to cover the cost of the project, administrative costs and interest associated with financing.

IV. In-Kind Gifts for Major Capital Projects

Gifts that involve donations of materials and/or labor are considered “in-kind.” The following are guidelines to assist in evaluating and determining the appropriateness of this type of donation for specific projects.²

- A. Design Professionals
1. University policy requires an open selection process for design professionals who will serve as Executive Architects or Engineers for major capital projects. Current policy prohibits accepting in-kind services from design professionals who are retained to prepare plans/documents that will be used for construction of a capital project.

² For this Section, the term Design Professional refers to licensed architects, engineers, landscape architects, sculptors and other artists of public works.

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2. In-kind services may be accepted from a design professional for the preparation of conceptual studies and/or for materials that will be used solely for fundraising purposes.³

B. Contractor Services

1. In-kind donations from contractors of materials and labor can be accepted but all work must be coordinated with Physical Facilities if the project is less than \$250,000 and by Design and Construction Services for projects \$250,000 or more. The contractor is required to enter into a contract for \$1 with the University and must provide insurance as required in the contract.
2. In-kind donations of materials for major capital projects need to be reviewed by Physical Facilities or Design and Construction Services to ensure materials are suitable, have appropriate life cycle and can be coordinated with the construction schedule so as not to impact cost or schedule of the major capital project. This review by Physical Facilities and/or Design and Construction Services must occur before acceptance of the gift.

C. In-kind Gifts for Public Art and other Landscape Features

Prior to acceptance of gifts of this kind, the following campus review shall take place:

1. The proposed in-kind gift shall first be reviewed by the CPC Subcommittee on Special Projects to identify the suitability of the gift and any financial or programmatic concerns. If concerns are identified, the Chair of the Subcommittee shall meet with the Chair and Vice-Chair of CPC to discuss a recommendation to the Chancellor.
2. Unless the Subcommittee identifies specific concerns, the proposed in-kind gift shall be reviewed by the campus as follows:
 - a) If the gift consists of landscape, then the proposal shall be referred to the Director of Physical Facilities and the Director of Physical and Environmental Planning for review and appropriate consultation with appointed campus advisory committees.

³ Only direct material expenses can be deducted as a donation under IRS regulations. The design professional's time in preparing drawings and/or specifications cannot be considered a donation, but can be deducted by the design professional as a business expense.

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- b) If the gift is of public art or other landscape feature the Subcommittee, in consultation with the Chairs of the Design Review Committee, shall appoint an Ad Hoc Panel and/or have the Collections and Exhibitions Committee review the artistic value, placement and suitability of the gift. Recommendation of the Ad Hoc panel and/or the Collections and Exhibitions Committee shall go to the Subcommittee and to the Design Review Committee.
- c) The Design Review Committee will examine the appropriateness of the proposed work and proposed site in the context of the physical environment of the campus and its consistency with the campus' design principles.
- d) The Campus Planning Committee will review the recommendations of the Subcommittee and Design Review Committee and will evaluate the overall benefit to the campus as well as the impact on the capital, physical and budgetary resources of the campus.