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MEMORANDUM

To: Vice Presidents
Sr. Business Administrators
Facility Managers

From: Anne Papageorge
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Subject: Project Management Criteria and Project Implementation Processes

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Many Schools and Centers use the FRES Operations & Maintenance (O&M) Department and its Small Projects Group (SPG) for their smaller projects, the Design and Construction Management Department (D&C) for their larger projects, and the Real Estate Department (RE) for leases. This memo is intended to clarify for Schools and Centers the criteria for the initiation and management of projects by O&M or by D&C. The recommended first step prior to initiation is to discuss a potential project with your Director of D&C and Area Manager in O&M to determine the best approach.

Projects are typically non-routine undertakings requiring a concerted planning and implementation process. Capital projects are renovations and new construction with estimated total costs of \$100,000 or more. Projects that total \$500,000 or more should be included on the capital plan of the School/Center and must go through the capital approval process.

Projects with estimated total costs less than \$100,000 are typically minor renovations and normally not capitalized. Non-capital projects are budgeted and charged directly to the school/center's operating budget.

Items typically not considered to be projects are regular operations and maintenance activities, housekeeping, and maintenance repair work orders.

Criteria for Management of Projects by Schools & Centers

1. Schools and Centers are not permitted to hire architects or engineers directly without the approval of the Office of the University Architect, with a copy to their Director of D&C. With approval from the Office of the University Architect, Schools and Centers are permitted to hire architects or engineers only to complete small feasibility studies or limited space planning studies for areas less than 5,000 GSF as required for developing project cost estimates, but they are not permitted to proceed with design services.

2. Except for carpet installations and furniture purchases and moves, Schools and Centers are not permitted to hire vendors/contractors directly to complete renovation or construction activities. This work needs to be completed via FRES.

Criteria for Management of Projects by O&M and SPG

1. O&M/SPG generally manages projects which are minor modifications or renovations to existing facilities, or replacement of aging equipment. O&M also manages routine maintenance work.
2. O&M/SPG manage projects up to \$100,000. However, with recommendations from the Executive Directors of O&M and D&C and approval from the Vice President of FRES, this limit can be raised to \$250,000 on select projects.
3. Should it be in the best interest of Penn to group multiple projects within one contract award for SPG management, such an effort will be coordinated with approval from the Executive Director of O&M. If the total cost will then exceed \$100,000, approval is required by the Vice President of FRES.
4. O&M/SPG may contract with and manage projects with limited scope and complexity for which the services of an Architect or Engineer are required. Management of such projects must be approved by the Executive Director of O&M, the Director of Engineering, and/or the University Architect, depending on discipline.
5. Any proposed modifications to electrical, mechanical, plumbing, HVAC, or fire protection systems must be reviewed by the O&M Director of Engineering.
6. Maintenance and equipment replacement projects typically include but are not limited to the following, and only require trade permits, not full building permits:
 - a. In-kind replacements such as sinks, plumbing fixtures, casework, shelving, and the like.
 - b. Finish improvements such as painting, flooring, ceilings, or lighting fixture replacements.
 - c. Repairs or service to existing equipment.
7. O&M/SPG managed projects typically will exclude, but are not limited to, the following types of projects:
 - a. Bio-safety cabinet or fume hood replacements or modifications.
 - b. Modification of interior rated assemblies such as doors and walls, and relocation or installation of any doors or walls, since this may impact fire egress routes, and always requires a building permit.
 - c. Exterior building modifications.
 - d. Projects requiring full building permits
8. Requests for exceptions to any of these criteria must be approved by the Executive Directors of O&M and D&C.

Criteria for Management of Projects by Design and Construction

1. D&C generally manages projects of greater value and complexity. However, project cost shall not be the primary consideration.

2. D&C shall manage projects with an anticipated construction cost of less than \$100,000 if they are not eligible for management by O&M SPG as defined in the section above.

D&C must manage capital projects when the project cost is equal to or exceeds \$250,000, or any project on a School and Center capital plan.

3. D&C will generally manage projects for which the services of an Architect or Engineer are required due to building code or regulatory compliance, life safety concerns, complexities such as mechanical, electrical, plumbing, building controls, fire protection, fire alarm, or other utilities integration with existing building equipment, or comprehensive space planning or master plans involving more than 5,000 GSF.
4. Requests for exceptions to any of these criteria must be submitted to the Director of D&C and approved by the Executive Directors of D&C and O&M, and the Office of the University Architect.

Implementation Process for O&M and SPG

Projects which Schools and Centers would like to execute through O&M shall be initiated as follows:

1. Customer shall submit a project initiation form <https://www.facilities.upenn.edu/services/maintenance-and-renovation> to the O&M SPG Project Manager. Requests shall not be initiated through the AiM system.
2. The O&M SPG Project Manager will develop an estimate and submit it to the customer for approval. A copy will be submitted to the Area Manager.
3. The School/Center will provide a budget code and written “authorization to proceed” to the O&M SPG Project Manager.
4. The O&M SPG Project Manager will submit the “authorization to proceed” to the Construction Trades Manager for approval.
5. The O&M SPG Project Manager will review and determine if the project will be completed in-house or endeavored to a contractor. O&M now has term construction contracts to allow work through outside contractors to be expedited, as necessary.

Implementation Process for D&C Capital Projects

See Initiating a Capital Project section on the FRES website (<https://www.facilities.upenn.edu/capital-process/initiate-project>). The initiation or management of these projects will not be changing. However, FRES has implemented process improvements to allow projects to proceed more expeditiously, such as the following:

1. Following receipt of Capital Needs Statements from the Schools and Centers, projects are typically now initiated within 3 business days.

2. Purchase Order Agreements may be utilized for construction work when the base value of the work is anticipated to be up to \$250,000, with change orders up to \$50,000. These agreements are able to be processed faster and easier than full construction contracts.
3. For projects with an estimated construction cost of less than \$1 million, on-call contracts have been implemented for the expedited selection of Architects and Engineers, rather than the longer RFP and competitive proposal process. The base terms and conditions of the contract and the hourly services terms have been competitively procured in advance, and a master contract agreement signed. This allows design work to proceed quickly on a task order under pre-determined terms for a limited scope of work.