

TEMPLE UNIVERSITY

POLICIES AND PROCEDURES

Title:	Approval of Capital Expenditures
Policy Number:	04.32.01
Issuing Authority:	Board of Trustees
Responsible Officer:	Senior Vice President and Chief Operating Officer
Date Created:	September 25, 1984
Date Last Amended/Reviewed:	November 2022
Date Scheduled for Review:	July 2024
Reviewing Office:	Office of the Senior Vice President and Chief Operating Officer

I. Scope of Policy & Rationale

This policy applies to all expenditures related to Construction and Maintenance, including associated Professional Services. This policy also applies to the purchase of Fixtures and Real Estate Transactions. This policy does not apply to the purchase or lease of vehicles or the purchase and installation of furnishings.

II. Definitions

- A. Professional Services – any service associated with construction (including design services) and maintenance activities.
- B. Construction includes:
 - 1. New construction
 - 2. Alteration of grounds above or below grade, including landscaping
 - 3. Increase of gross square footage of a building
 - 4. Renovations - change the look and/or function of an existing space
 - 5. Restorations – restoration of damage caused by a casualty. The Chief Operating Officer may exclude certain immediate restoration needs (including but not limited to damages that present life/safety threats) or those that prevent prompt reoccupation of a space (including but not limited to a leaking roof or water or fire damage, etc.)
- C. Maintenance – all activity directed at the upkeep, repair, renewal, and replacement of the University’s physical plant.
- D. Fixtures – assets with an expected useful life in excess of one year that will be permanently affixed to Temple-owned property.
- E. Real Estate Transactions – the purchase and/or disposition of real property, and any lease transaction.

III. Policy Statement

All expenditures reasonably anticipated in connection with a single project shall be aggregated for purposes of this policy. In no case shall expenditures which are part of the same project be separated for the purpose of avoiding higher levels of review and approval as required by this policy. For Construction, all project costs shall be included in the project budget to determine required levels of approval.

Prior to the start of each fiscal year, a Capital Expenditure Request will be submitted by Facilities Management/Project Delivery Group for essential Maintenance projects proposed and requested for the upcoming fiscal year, including a total “not to exceed” dollar amount to support these projects. The Board of Trustees will be presented with regular updates on Maintenance projects and expenditures throughout the year. University Housing and Residential Life will follow the same process, but submit a separate CER.

IV. Approvals

Authority to proceed with a Capital Expenditure is dependent on the nature and amount of the expense. The following sets forth the necessary approvals for a given Capital Expenditure.

A. Professional Services:

1. \$300,000 or less
 - a) CER NOT required
 - b) Approval by Dean and Provost (if applicable), and Chief Operating Officer
2. More than \$300,000, but less than or equal to \$750,000
 - a) CER required
 - b) Presidential approval
 - c) Any expenditure greater than \$550,000 must be reported to the Finance and Investment Committee at its next regularly scheduled meeting
3. More than \$750,000
 - a) CER required
 - b) Board of Trustees approval

B. Construction, Maintenance, and Fixtures:

1. \$1,000,000 or less
 - a) CER NOT required
 - b) Approval by Dean and Provost (if applicable), and Chief Operating Officer
 - c) Any expenditure greater than \$500,000 must be reported to the Finance and Investment Committee at its next regularly scheduled meeting
2. More than \$1,000,000, but less than or equal to \$2,500,000
 - a) CER required
 - b) Presidential approval

3. More than \$2,500,000
 - a) CER required
 - b) Board of Trustees approval
- C. Real Estate Transactions:
 1. Disposition or acquisition of real property
 - a) CER required
 - b) Board of Trustees approval
 2. Lease Transactions
 - a) When the sum of all rental payments and anticipated other charges on an annual basis are less than or equal to \$1,000,000 and lease term is up to, but not greater than, five years
 - a. CER NOT required
 - b. Approval by Dean and Provost (if applicable), and Chief Operating Officer
 - c. Any lease transaction greater than \$100,000 and less than or equal to \$1,000,000 must be reported to the Finance and Investment Committee at its next regularly scheduled meeting
 - b) When the sum of all rental payments and other charges on an annual basis are greater than \$1,000,000 or lease term is five years or more
 - a. CER required
 - b. Board of Trustees approval

V. Amendments to CERs

In the ordinary course of business, the scope or cost of a project that is subject to this policy may be revised. In such circumstances, the following rules shall apply to ensure appropriate oversight of such changes.

1. For Capital Expenditures less than or equal to \$2,500,000:
 - A. A CER must be amended when the amount of the increase exceeds 10% of the approved amount.
 - B. If the increase amount is less than 10% of the originally approved amount, the Client/Unit must approve the additional cost and identify a funding source before the project can proceed; provided, however, that if this increase brings the total Capital Expenditure into a new approval threshold (e.g., President or Board of Trustees), then the CER must be amended and approved as described in 'Approvals' above.
2. For Capital Expenditures greater than \$2,500,000:
 - A. An amended CER is required when the amount of the increase is greater than or equal to \$2,500,000.
 - B. If the increase in cost is less than \$2,500,000, the Client/Unit must approve the additional cost and identify a funding source before the project can proceed.
3. When determining approval levels for amendments, the increased amount must be compared against the originally approved CER amount and appropriate approvals must be obtained.

Notes:

1. History:

The original 1969 policy allowed officers to authorize capital projects up to a limit of \$25,000 without review and approval by the board, and was amended in 1977 to raise the amount to \$50,000.

The original 1973 policy authorized officers to contract, without review and approval by the board, for professional services required to develop plans, specifications and cost estimates for renovation projects up to a limit of \$50,000.

The 1984 consolidation and amendment maintained the \$50,000 limit for capital project authorization by officers; lowered the authorization limit for approval of professional services fees to \$10,000; authorized only the president to approve professional services fees under \$10,000; required compliance with policies on open and competitive bidding and affirmative action; and authorized dismissal of any employee who knowingly violated the policy.

The 1993 amendment provided a name change to “Approval of Capital Expenditures”; raised the capital project authorization limit to \$150,000 and the professional services fees authorization limit to \$30,000; authorized the president only to approve capital projects costing between \$50,000 and \$150,000 and professional services fees between \$10,000 and \$30,000; provided procedures for obtaining presidential approval; and expressly superseded all previous actions of the board governing approval of capital expenditures.

The 1998 amendment changed the authorization limit of the president for all capital projects up to \$300,000 and for professional services contracts up to \$50,000; deleted the provision regarding dismissal of employees who knowingly violate the policy; revised the approval procedures; and superseded all previous actions of the board governing approval of capital expenditures.

The 2014 amendment (a) revised the definition of “capital expenditures”, (b) increased the authorization limit of the president for such expenditures to \$500,000, and (c) revised the separate limitation on contracts for architecture services.

The 2018 amendment (a) more clearly defined “capital expenditures”, (b) revised authorization limits for each category of capital expenditure, (c) added guidelines for real estate transactions, and (d) added guidelines for amendments to CER’s.

A July 2022 administrative revision updated the title of the responsible officer to Chief Operating Officer.

Last Amended:

“Discretionary Limit on Capital Project Authorization by the Officers” policy adopted by the Business and Finance Committee in January 1969 and amended by the Board of Trustees on June 2, 1977.

“Discretionary Limit on Professional Service Assignments by Officers” policy adopted by the Board of Trustees on December 11, 1973.

“Capital Budget Projects – Board Approvals” policy (consolidating the above referenced policies) adopted by the Board of Trustees on September 25, 1984. Amended on May 11, 1993; March 10, 1998.

November 2022: Updated to reflect current Bylaws and job titles.

March 2023: Updated to reflect revised authorization limits for each category of capital expenditure.

2. Cross References/Appendix:

Board of Trustees Policy # 04.32.02, Policy on Competitive Bidding

Board of Trustees Policy # 04.81.01, Ratification of Nondiscrimination Policy

Board of Trustees Policy # 04.83.01, Temple University AIDS Policy

Temple University Affirmative Action Plan