

AGENDA

COMMITTEE ON ORGANIZATION AND RULES

Meeting: **10:40 a.m., Tuesday, May 24, 2016**
 Glenn S. Dumke Auditorium

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton

Consent Items

Approval of Minutes of the Meeting of March 8, 2016

1. Revision of Standing Orders – Delegation of Capital Outlay Project Approval and Schematic Design Approval, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON ORGANIZATION AND RULES**

**Trustees of the California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

March 8, 2016

Members Present

Lillian Kimbell, Chair
Steven G. Stepanek, Vice Chair
Douglas Faigin
Hugo N. Morales
J. Lawrence Norton
Lou Monville, Chair of the Board
Timothy P. White, Chancellor

Trustee Lillian Kimbell called the meeting to order.

Public Comments

Ms. Carmen Ann Huxley, student from California State University, Long Beach, spoke against timely graduation policies that require students with over 150 units to graduate. In addition, she commented about the limited availability of senior seminar offerings on campus.

Approval of the Minutes

The minutes of the January 27, 2016 meeting were approved as submitted.

Revision of Standing Orders – Delegation of Capital Outlay Project Approval and Schematic Design Approval

Trustee Kimbell noted that a revision was made to the agenda item, not the attachment, to correct proposal number three on page two to reflect that no changes are proposed to the current authority granted to the chancellor for the approval of schematic design of remodel or utilitarian projects. Executive Vice Chancellor Steve Relyea and Assistant Vice Chancellor Elvyra San Juan presented the information item. It is proposed the action item will return to the board for consideration at the May 2016 meeting.

Trustee Kimbell asked who determines the architectural significance of a remodel. Ms. San Juan answered that the campus master plan architect is consulted for opinion prior to coming to the board.

Trustee Douglas Faigin expressed concern with revising the standing orders before the board fully understands the impact of the CSU's new capital financing authority.

Trustees Lou Monville, Peter Taylor, Adam Day, and Hugo Morales stated support of the revision. Trustee Taylor commented that the change will allow the board to focus on more substantive projects, as well as save staff time by reducing the number of items being prepared for presentation. Trustee Rebecca Eisen also supported the plan because a report will be brought to the board with the projects approved through this authority.

Trustee Adam Day requested that Ms. San Juan provide the board with a report of the projects under \$5 million that have been approved by the board, indicating those approved via the consent agenda. If the proposal is ultimately approved, he also requested a report to the board once or twice a year with the projects approved under the proposed authority to keep the board informed.

Trustee Steven Stepanek asked if student fees are considered to be a capital funding source. Ms. San Juan responded yes, student fee funds are considered part of the operating budget that can now be used for capital funding.

Trustee Kimbell adjourned the Committee on Organization and Rules.

COMMITTEE ON ORGANIZATION AND RULES

Revision of Standing Orders – Delegation of Capital Outlay Project Approval and Schematic Design Approval

Presentation By

Elvyra F. San Juan
Assistant Vice Chancellor
Capital Planning, Design and Construction

Summary

This item presents a revision to the California State University Board of Trustees' Standing Orders to increase authority delegated to the chancellor to approve capital outlay project budgets and schematic designs for projects of a total estimated cost of \$5,000,000 or less. The proposed changes to the Standing Orders were presented for information at the March 2016 board meeting and are returning for the board's action. The proposed changes are noted in *italics* on page 1 of Attachment A.

Background

The Board of Trustees has statutory authority to approve the California State University budget, including the capital outlay program and associated projects. The Standing Orders define the delegation of authority from the trustees to the chancellor and other officials in the California State University.

The last significant amendment to the Standing Orders as they pertained to capital outlay projects was in September 1999 when the Board of Trustees increased the authorization to the chancellor, or designee, to approve the schematic design of projects from \$1 million to \$3 million to reduce the number of small design projects coming forward to the board for approval. The chancellor had previously been delegated authority to approve schematic plans on all remodel and utilitarian projects, regardless of cost, unless the design is architecturally significant or the project has unavoidable significant environmental impacts. Examples of utilitarian projects include site development, utilities, outdoor physical education facilities excluding stadiums, interior remodels, minor additions, structural strengthening, heating and cooling facilities, landscape projects, and surface parking. However, architecturally significant projects as determined by the campus master plan architect are presented to the board for approval regardless of cost.

In July 2004, the trustees approved a substantial revision of the Standing Orders in an effort to restate existing authority in a manner that would be easier for the public to read and understand,

and to include accepted delegations to system officials which had not been included in the Standing Orders at the time. When the Standing Orders were revised in 2004, details pertaining to the chancellor's delegated authority over the design of capital projects of \$3 million or less and all remodel and utilitarian projects was omitted.

Proposal

Consistent with the actions taken in 1999, this proposal aims to add clarity to the chancellor's delegation and eliminate the smaller transactions brought forward to the board for approval. The proposed changes to Standing Orders Section II (f) includes:

1. *Authorize the chancellor to approve the capital outlay budget and scope of projects with a value of \$5 million or less.* Currently, all projects with a proposed budget more than \$656,000 (value of a minor capital outlay project) come forward to the trustees for approval as the chancellor had previously been delegated authority to establish a minor capital outlay program.
2. *Authorize the chancellor to approve the schematic design of new buildings or additions with a value of \$5 million or less.* The chancellor, or designee, was previously authorized to approve the schematic design of new buildings or additions valued at \$3 million or less. Applying construction cost escalation, a project valued at \$3 million in 1999, would be valued at \$5.25 million in today's dollars.
3. *Authorize the chancellor to approve the schematic design of all remodel and utilitarian projects, regardless of cost, unless the design is architecturally significant or includes significant unavoidable environmental impacts.* The board previously delegated this authority to the chancellor, but specific mention of this authority was omitted when the Standing Orders were revised in 2004.

In order to keep the board informed of the results of the proposed delegation, a report on the approved projects and schematic designs will be provided to the board beginning in 2017 as part of the annual five-year capital improvement plan. An annual report to the trustees on delegated environmental actions is currently provided.

To provide some context to the impact of this proposed change, the table below provides information on the agenda items presented to the board for consideration to amend the capital outlay program. The chart shows that 63 projects were approved by the board to be added to the capital program in the last three years, and:

1. The value of the 63 projects totaled over \$913 million.

2. Of the 63 projects, 34 projects (or 54 percent) were less than or equal to \$5 million, with a total cost just under \$95 million, or 10.4 percent of the total value.

Board of Trustees Approval of Additional Capital Outlay Projects

| Fiscal Year | Total Number of Projects Added | Number of Projects Added with a Value less than or equal to \$5M | Percentage of Number of Projects less than or equal to \$5M | Total Value of Projects Added | Value of Projects less than or equal to \$5M | Percentage of Value of Projects less than or equal to \$5M |
|--------------------|---------------------------------------|---|--|--------------------------------------|---|---|
| 2015-2016 | 33 | 19 | 58% | \$382.8M | \$51.0M | 13% |
| 2014-2015 | 14 | 5 | 36% | \$327.5M | \$16.3M | 5% |
| 2013-2014 | 16 | 10 | 62% | \$169.1M | \$25.6M | 15% |
| Totals | 63 | 34 | 54% | \$913.4M | \$92.9M | 10% |

Recommendation

The following resolution is presented for approval:

RESOLVED, by the Board of Trustees of the California State University, that:

1. The revised Standing Orders as presented in Attachment A for Agenda Item 1 of the May 23-25, 2016 meeting of the Committee on Organization and Rules are approved.
2. An annual report listing all capital projects and schematic plans approved by the chancellor under the new authority delegated by the Board of Trustees in the Standing Orders will be provided as part of the annual five-year capital improvement plan.

STANDING ORDERS OF THE BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

I. PURPOSE

The Standing Orders delegate authority from the Board of Trustees to the Chancellor and others within the California State University.

II. DELEGATION TO THE CHANCELLOR

The Chancellor is the chief executive officer of the California State University and has authority and responsibility to take whatever actions are necessary, consistent with Trustee policy and applicable law, for the appropriate functioning of the institution, which includes:

- a. Establishment and oversight of all academic programs
- b. Issuance of degrees
- c. Operation of educational opportunity programs
- d. Resolution of claims, settlement of litigation and discharge from accountability
- e. Establishment of policies and procedures for acquisition or sale of services, facilities, materials, goods, supplies, and equipment with the authority to sign agreements
- f. Development and oversight of the budget, including the capital outlay program; *approval of capital outlay project scope, budget, and schematic design for projects valued at \$5 million or less; and approval of schematic design for all remodel and utilitarian projects, regardless of cost, unless the design is architecturally significant or includes significant unavoidable environmental impacts.*
- g. Application, receipt and oversight of grants and loans
- h. Deposit, control, investment, and expenditure of funds
- i. Establishment and oversight of campus fees; establishment, adjustment and oversight of systemwide fees
- j. Oversight of construction, and authority to sign all construction documents
- k. Purchase, sale and exchange of any interest in or use of real property
- l. Approval of minor changes to campus master plans
- m. Appointment of personnel, development and enforcement of personnel programs and discipline and termination of personnel
- n. Appointments to various boards and committees
- o. Development of a legislative program

- p. Acceptance of gifts
- q. Permission to use the name of the CSU
- r. Performance of all acts necessary to qualify for and receive benefits from the federal government
- s. Oversight of the systemwide advancement program

This list is not inclusive, and is not intended to limit the necessary actions of the Chancellor as the chief executive officer of the institution. The Chancellor may delegate his or her authority to others within the California State University. The Chancellor may issue executive orders as are necessary or convenient to the performance of his or her office.

The Chancellor shall regularly report to the Board of Trustees concerning the performance of his or her functions.

III. DELEGATION TO THE GENERAL COUNSEL

The General Counsel is the chief legal officer of the California State University and has full authority and responsibility for the legal affairs of the institution, which includes:

- a. Advice to and representation of the California State University, the Trustees, Chancellor, Presidents, and other officers and employees of the California State University in all legal matters of the institution or that may result from their service to, or employment by, the California State University.
- b. Retention of outside counsel to represent the California State University, who are accountable to the General Counsel for their professional work.
- c. Acceptance of service of process for the California State University, the Trustees, Chancellor and Presidents, for any matter arising out of their service to, or employment by, the California State University.
- d. In consultation with the Chancellor and/or appropriate campus Presidents, settlement, termination or other resolution of all claims and litigation, and signing all documents relating to such action(s) on behalf of the California State University, the Trustees, Chancellor, Presidents, and those officers or employees of the California State University for whom the Office of General Counsel also provides representation.

- e. As Secretary of the Board, is the custodian of the official seal, which appears below and may be used, at the discretion of the Chancellor, for any official purpose:



This list is not inclusive, and is not intended to limit the necessary actions of the General Counsel as the chief legal officer of the institution. The General Counsel may delegate his or her authority to other members of his or her legal staff.

The General Counsel shall regularly report to the Board of Trustees concerning the status of litigation of institutional significance and other matters of legal import.

IV. DELEGATION TO THE TREASURER

The Treasurer of the Board is responsible for the fiscal affairs of the California State University, which include:

- a. Implementation of a system of internal controls that plan, organize and direct the performance of actions to protect the California State University's assets, ensure records are accurate, promote operational efficiency, and encourage adherence to policies.
- b. Management of the programs that incur external debt on behalf of the University to ensure projects are financially sound, strategic and essential to the mission of the university to preserve the full faith and credit of the institution.
- c. Placement of investments to obtain the best possible return commensurate with the degree of risk that the University is willing to assume in obtaining that return.

This list is not inclusive, and is not intended to limit the necessary actions of the Treasurer as the chief fiscal officer. The Treasurer may delegate his or her authority to other members of his or her staff.

The Treasurer shall regularly report to the Board of Trustees concerning the performance of these functions.

V. DELEGATION TO THE UNIVERSITY AUDITOR

The University Auditor is responsible for implementing the Board of Trustees' audit program and represents the California State University in all audits conducted by external agencies.

The University Auditor shall regularly report to the Trustees' Committee on Audit concerning the performance of his or her functions.

VI. DELEGATION TO THE PRESIDENTS

The Presidents of the California State University campuses are the chief executive officers for their campuses and have authority and responsibility, with appropriate consultation, to take whatever actions are necessary, consistent with Trustee and Chancellor's policy, and applicable law, for the appropriate functioning of each of their campuses, which includes:

- a. Development of curricular and instructional plans
- b. Academic, administrative and staff appointments
- c. Supervision, discipline and termination of employees
- d. Oversight of business and financial affairs
- e. Oversight of student affairs
- f. Oversight and adjustment of campus fees in accord with applicable policy
- g. Oversight of the campus advancement function, including alumni affairs and community relations
- h. Oversight of and responsibility for campus auxiliary organizations
- i. Use of campus buildings and grounds

This list is not inclusive, and is not intended to limit the necessary actions of the Presidents as the chief executive officers of their campuses. The Presidents may delegate their authority to other officials on their campuses.

The Presidents report to the Chancellor and shall keep him or her regularly informed as to the activities on their campuses.

VII. THE ACADEMIC SENATE

The constitution of the Academic Senate of the California State University has been ratified by the faculties and approved by the Board of Trustees. The Academic Senate is therefore constituted and functions in accord with the provisions of that constitution. Amendments to the Academic Senate constitution become effective when ratified in accord with the requirements of that constitution and approved by the Board of Trustees.

VIII. AMENDMENTS

These Standing Orders may be amended at any regular meeting of the Board of Trustees. Notice and a draft of the proposed amendment is required at the last regular meeting prior to the meeting at which action is taken. This advance notice requirement may be waived by a majority vote for matters that are not controversial and require no further discussion.