

**DATE:** November 15, 2017

**SUBJECT:** Capital Management Severance  
East Tennessee State University

**ACTION RECOMMENDED:** Approval

**BACKGROUND INFORMATION**

Pursuant to Tennessee Code Annotated § 49-8-101(a)(2)(C), the FOCUS Act authorizes the Tennessee Higher Education Commission (THEC) to “solicit and receive requests for state university boards to assume the performance of [data systems, capital project planning and management, and procurement]. A state university board shall not be permitted to assume the performance of these functions until November 30, 2017.” Furthermore, the law requires THEC to approve or deny the requests for independent management of the designated responsibilities, including capital management. To this end, THEC has developed processes and timelines for assessing institutional capacity in collaboration with the locally governed institutions (LGIs), Tennessee Board of Regents (TBR), and state agencies.

**SUMMARY**

In a December 2016 memorandum to locally governed institutions, THEC provided details regarding what capital project management encompasses and the expectations and responsibilities involved when an institution assumes those responsibilities. THEC formally requested LGIs interested in severing by December 1, 2017—the first date of eligibility—to notify THEC of their intention by January 31, 2017. THEC received a request to sever on capital management from East Tennessee State University.

In order to sever, per the December 2016 memorandum, ETSU agreed to identify the organizational structure of the facilities management group; identify a person to serve as the single source of information related to capital project management for the university; demonstrate how the university’s facilities website will provide front-end documents, such as a Designer’s Manual; outline the university’s plan for access to architects, engineers, and specialty consultants; and implement a data management software to track all elements of capital management. Materials meeting these requirements are attached for ETSU (Attachment A).

Additionally, per the memorandum, ETSU agreed to train personnel, in collaboration with TBR and the Office of the State Architect (OSA), to perform all project management duties, as well as to learn and adhere to State Building Commission (SBC) and OSA policies. ETSU personnel frequented TBR for training in the nine months since indicating intention to sever and THEC convened and coordinated training sessions with OSA, TBR, the Department of Finance & Administration, and the Tennessee Student School Bond Authority. Finally, representatives from ETSU attended and participated in SBC preparation, staff, and monthly meetings.

Though ETSU has provided items required for severance and have participated in training processes, TBR will continue to operate on behalf of ETSU with regards to invoice payment and project tracking. For the remainder of FY 2017-18, the Department of Finance & Administration will process all payments via TBR and ETSU will coordinate all contract payments with TBR. Additionally, ETSU will utilize TBR's Project Information Tracking System (PITS); the ETSU and TBR are solidifying user's agreements to allow full independent access. In the interim, each institution will coordinate tracking with TBR.

Further, capital management responsibilities require changes to SBC policies to recognize institutional contract signatories. The OSA intends to recommend changes should the Commission approve capital severance and attain proper signatory information from ETSU. Therefore, ETSU will only be able to manage projects once SBC approves changes to policy.

Finally, THEC will continue to support ETSU during the severance process to ensure it properly navigates state agencies protocols and enacts processes that best serve the institution and the state.

## **RECOMMENDATION**

### *Action for Capital Severance for East Tennessee State University*

Pursuant to Tennessee Code Annotated § 49-8-101(a)(2)(C), THEC staff recommend that the Commission **approve** the request of the Board of Trustees of **East Tennessee State University** (as indicated by **President Brian Noland** in a letter dated February 15, 2017) to assume the performance of the **capital management** function for the university effective December 1, 2017. The Board of Regents and ETSU will continue to have joint capital project management responsibilities until the end of the fiscal year, at the earliest.

## **Attachment A**

### **Capital Management Severance Requirements**

#### **East Tennessee State University**

##### ***Organizational Structure of the Facilities Management Group***

See attached.

##### ***Person to Serve as Source of Information Related to Capital Project Management***

Bill Rasnick

Executive Director

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##### ***University's Facilities Website that Details the Following:***

- Capital Budget Information
- Designer's Manual
- Project Tracking Information
- Project Designer Solicitation
- Project Bid List for Contractors
- Lease RFIs and RFPs

<http://www.etsu.edu/facilities/planning/>

ETSU has incorporated all the information above on their existing website. The links on the ETSU webpage will route through a virtual server to access the ETSU version of Project Information Tracking System (PITS). ETSU is converting each document that is used by TBR to an ETSU document. All of the revised documents will interface with PITS to generate contracts and designer agreements for ETSU in the same manner as they are currently handled by TBR. ETSU does not plan to make any initial substantive changes to the documents or processes after severance other than it will all route through ETSU.

##### ***University's Plan for Access to Architects, Engineers, and Specialty Consultants***

ETSU will issue a RFP for access to an architect and engineer by the same process as currently used for solicitation of regional designers by TBR. ETSU does not currently have any plans for solicitation of specialty consultants but will follow the same RFP process should the need arise.

##### ***Data Management Software***

ETSU will continue to use the same system that TBR utilizes for PITS, Physical Facilities Inventory and Survey (PFSI), and PFSI through a user's agreement with TBR. In the interim, ETSU will work in coordination with TBR to track all projects.

# Attachment A: ETSU Organizational Structure

