



## Delaware State University

**University Area(s) Responsible:** Office of Purchasing; Office of Finance and Administration

**Procedure Number & Name:** 9-39: Expenditure of Minor Capital Improvements (MCI) Funds

**Approval Date:** 2/20/12

**Revisions:** \_\_\_\_\_

**Related Policies & Procedures:** \_\_\_\_\_

### Purpose

The purpose of this document is to establish uniform procedures for the expenditure of MCI funds and the selection of contractors for MCI projects.

### Scope and Applicability

These procedures apply to all MCI funds as appropriated by the State of Delaware. Where only private funds are used for a particular MCI project, the President or his/her designee may determine that these procedures do not apply.

### Definition

Minor Capital Improvements – From the FY 2012 Budget Preparation Guidelines “Minor Capital Improvements (MCI) include renovations, minor reconstruction and/or equipment with a life expectancy of ten (10) years or more and a total cost not to exceed \$500,000, or that represents less than 50 percent of an agency’s MCI appropriation, whichever is less. MCI projects should focus on keeping state-owned facilities in their original condition and maintaining building efficiencies. As in prior years, MCI should be prioritized in relation to other projects in the capital budget request. More specifically, each project within the MCI request should be prioritized, including a brief description and estimates for a completion date and total project costs.”

## Responsibilities

It shall be the responsibility of each employee involved in the procurement process to understand and comply with the process and requirements established by the Policies and Procedures related to MCI projects.

If there are any questions or concerns relative to either the policies, or the ability of the employee to respond effectively to the requirements of the procedures, then it is the responsibility of the employee to bring such matters to the attention of the Associate Vice President for Finance.

The fundamental purpose of these procedures is not to restrict the effectiveness of the individuals involved in this process, but to ensure full and complete compliance with the requirements of State Code on Procurement, Title 29, Chapter 69 and all requirements related to the expenditure of MCI funding.

## General Procedures

- A. The expenditure threshold for an MCI project shall not exceed \$500,000 without the written approval of the Director of the Office of Management and Budget. Projects exceeding a total estimated cost of \$500,000 shall be considered a **major capital project** and shall be subject to a formal bid process.
- B. The requirements for the processing of expenditures of MCI funds shall be as follows:
  1. If the estimated project cost is less than \$50,000, the contractors may be hired on the open market with no other requirements.
  2. If the estimated project cost is between \$50,000 and \$99,999, a minimum of three (3) written quotations are required when practical and possible. If three (3) written quotations are not received, the Director of Planning and Construction shall document that there was an attempt to secure three (3) written quotations and that the process was not successful. The documents shall include, as a minimum, proof of the solicitation of said quotations.
  3. If the estimated project cost equals \$100,000 or more, a formal bid is required. The formal bid process shall be the responsibility of the Director of Purchasing with the assistance of the Director of Planning and Construction. This process shall comply with the requirements of the Delaware Code on Procurement, Title 29, Chapter 69 and established University policies and procedures.

Note: In the case of Public Works the dollar amount is **not** a yearly cumulative limit. The dollar amount is on a contract by contract basis.

**Exceptions to “B” above are as follows:**

1. **Emergency or Best Interests of University** – An emergency/special condition exists by reason of extraordinary conditions or contingencies that could not reasonably be foreseen and guarded against. An emergency/special condition creates an immediate and serious need for material and/or nonprofessional services that cannot be met through normal procurement methods for the protection of public health, safety or property, or is otherwise in the best immediate interests of the University.
2. **Sole Source** – Delaware State University will comply with the Sole Source Procurement regulations set by the State of Delaware as follows:

A contract may be awarded for a public works project without competition if the President, prior to the procurement, determines in writing that there is only one source for the required public works project. Sole source procurement shall not be used unless there is sufficient evidence that there is only one source for the public works project and that no other type of public works project will satisfy the requirements of the University. The University shall examine cost or pricing data, which shall include lifecycle costing analysis if the sole source offers more than one type or variety of equipment, prior to an award under this section. Sole source procurement shall be avoided, except when no reasonable alternative sources exist. A written determination by the University stating the basis for the sole source procurement shall be included in the University contract file.

When seeking a Sole Source Procurement, the Director of Planning and Construction shall prepare written documentation citing the existence of a sole source condition. The document shall include the specific efforts made to determine the availability of any other source and an explanation of the procurement need. This documentation must be approved by the Associate Vice President for Finance. The University may, for confirmation, submit this documentation for review and comment prior to the intended date of award to the Office of Management and Budget Procurement.

The University shall negotiate with the single supplier, to the extent practicable, a contract advantageous to itself. The University shall enter into a formal contract stating the terms and conditions of the procurement. A copy of the documentation must be maintained in the files of the Director of Planning and Construction.

**C. Waiver Process**

The President of Delaware State University may waive any or all provisions of these procedures on MCI funds, to meet the critical needs of the University as required by emergencies or other conditions where it is determined to be in the best interest of the University. The President may determine an emergency/special condition exists by reason of extraordinary conditions or contingencies that could not reasonably be foreseen and guarded against. An emergency condition creates an immediate and serious need for material and/or nonprofessional services that cannot be met through normal procurement methods for the protection of public health, safety or property, or is otherwise in the best, immediate interests of the University.

- (a) Any procurement pursuant to this section shall be limited to those materials and/or nonprofessional services necessary to satisfy the emergency/special condition.
- (b) Any public works project contracted pursuant to this subsection shall be subject to 6960 of Title 29, Chapter 69.
- (c) A copy of each emergency/special condition determination processed under this procedure shall be kept on file by the University.

**D. Letter of Intent**

Delaware State University's Department of Planning and Construction will provide the following (see next page) Letter of Intent in order to expedite the process and allow the preparation phase by the recipient of a contract to commence while the Purchase Order is being processed.

Delaware State University  
Department of Planning & Construction  
1200 N DuPont Highway  
Dover, DE 19901

Date: Month/Day/Year

Mr./Ms. Vendor Representative Name:

Vendor Awarded Project:

Address Line 1

Address Line 2

Address Line 3

Dear Mr./Ms.:

Please consider this letter a confirmation on the part of Delaware State University allowing your firm to proceed with the preparation phase of the project described below while awaiting the receipt of the actual Purchase Order. This letter authorizes you to begin creating a working schedule, compiling submittals, arranging subcontractors, and any phase that has minimal costs but requires a long lead time, or pre-arranged notification. This letter will **NOT** allow for any payments before the Purchase Order is officially issued.

Project:	Project Description
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Amount of PO:	\$0.00
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Sincerely,

Anthony Patterson  
Director of Planning & Construction