



CAPITAL IMPROVEMENT GUIDE

This guide was prepared by the staff of the

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM OFFICE
FINANCE AND OPERATIONS DIVISION
COLLEGE CAPITAL FINANCE AND PLANNING
[Capital Improvement Guide](#)

Eighth Edition
February 2025

The Capital Improvement Guide “Eighth Edition” revisions consist of the following:

- The Capital Improvement section was referred to as “Facilities Services” in the prior edition and since that time the Capital section was updated to “Capital Finance and Planning.”
- Contact information has been updated for Capital Finance and Planning, SCO, HUB, Purchase and Contract, and more.
- Post-COVID a lot of State Agencies moved to paperless and have updated their websites which required updating links in this guide to reflect current website locations.
- The NC Interactive Purchasing System (IPS) was updated to what is referred to as a “All-in-one shop” called North Carolina Electronic Vendor Portal (eVP). It connects vendors to state government organizations that purchase goods and services. (Competitive bid advertisements, vendors listings, solicitation listings, HUB, NCSBE, vendor registration, and eVP training)
- Special Delegated Authority \$2M / \$4M Guidelines and forms.

NOTE: We ask when you use this guide to please submit any questions, concerns, or additional information you would like to see addressed or added to this resource.

- Submit all comments to cifinance@nccommunitycolleges.edu.

If you would like to meet to discuss capital improvement topics or request for training, please email the Director/Associate Director of Capital Finance and Planning and request a meeting.

Table of Contents

INTRODUCTION..... 6

STATUTORY AUTHORITY 7

 Chapter 115D - Community Colleges 8

 Article 2 - Local Administration. 8

 Article 3 - Financial Support. 8

 Article 4A - Budgeting, Accounting, and Fiscal Management..... 8

 Chapter 133 - Public Works. Article 1 - General Provisions. 8

 Chapter 143 - State Departments, Institutions, and Commissions 8

 Article 8 - Public Contracts. 8

 Article 8B - State Building Commission. 9

 Article 36 - Department of Administration. 9

STATE BOARD CODE REFERENCES 10

FOR PROPERTY AND CAPITAL IMPROVEMENT 10

SUBCHAPTER 300.INSTITUTIONAL FUNDS 10

SUBCHAPTER 400.PROPERTY AND CAPITAL IMPROVEMENTS 10

SUBCHAPTER 500.PROCUREMENT 10

ADMINISTRATIVE CODE REFERENCES..... 11

FOR CAPITAL IMPROVEMENT 11

 SubChapter A – Division of State Construction 11

CAPITAL IMPROVEMENT FINANCIAL SUPPORT 16

NON-STATE FUNDS (LOCAL FUNDS)..... 17

 NON-STATE MATCHING FUNDS 17

 CAPITAL IMPROVEMENT DATA UPDATE 17

FUNDING COMPONENTS OF A CAPITAL IMPROVEMENT PROJECT 18

CAPITAL IMPROVEMENT PROJECT THRESHOLDS 19

INFORMAL PROJECTS..... 19

Open-End Design Agreements – Must announce for qualifications 20

FORMAL PROJECTS 22

ESTABLISHING A CAPITAL IMPROVEMENT PROJECT 23

 Step 4: Owner-Designer Agreement 26

 Schematic Design Phase - The schematic design (SD) is the first of three design phases. It is a simple, single line drawing of the project showing site location and room locations with a written description or outline of the project specifications of the project. The designer should submit one set of SD plans with a probable cost estimate to the college and one set to the State Construction Office (SCO) for their use... 29

 Design Development Phase - The design development (DD) phase is the second design phase. It is a

more detailed expansion of the approved schematic design drawings and includes the type of structure, type of mechanical system, type of electrical system, other special features, an outline of the project specifications and a probable cost estimate..... 29

Final Submittal - Final submittals are not intended to be another phase review. Final submittal is to review and verify the designer’s written responses to the construction document review comments from the SCO and verify that revisions required have been made to the project documents. If the final submittal check shows non-compliance with previous CD review comments or has generated more comments, then a Not Approved for Bid is given, and a re-submittal may be necessary..... 30

Setting of Bid Dates..... 30

NC Environmental Policy Act..... 31

NC Sedimentation Pollution Control Act – Article 4, G.S. 113A 32

Other Regulatory Agencies..... 32

Commissioning 33

Steps to employ a commissioning agent. If a Community College publicly advertised the selection of their Designer, then they should also publicly advertise for the selection of their Commissioning Agent. If a Community College performed designer interviews for the selection of their Designer, then they should also perform interviews for the selection of their Commissioning Agent..... 33

MISCELLANEOUS TOPICS..... 66

Facility Master Plans..... 66

Bookstore Funds 67

Sales and Use Tax..... 67

Work Performed by Owner (College Staff) 68

Live Projects 69

Unfinished Space 69

Educational Specifications 70

Initial Budget Preparation..... 70

Handicapped Parking Spaces 71

Equipment..... 71

Unit Prices..... 72

Wage Rate Determination 72

Establishing MULTI-CAMPUS CENTERS 73

MODULAR, MOBILE, OR PRE-ENGINEERED BUILDINGS 73

Guaranteed Energy Savings Contracts 73

Capital Projects Coordinator Course 74

Special Construction Delegation 75

RESOURCES 94

FORMS AND SAMPLE LETTERS..... 98

Checklist – Formal Capital Project 99

NCCCS 3-1 Form - Instructions..... 100

Continued...NCCCS 3-1 Form - Instructions 101

Continued...NCCCS 3-1 Form - Instructions 102

NCCCS 3-1 Form - 103

ADVERTISEMENT for Designer Services REQUEST 108

 GUIDELINES FOR RECRUITMENT AND SELECTION OF MINORITY BUSINESSES FOR PARTICIPATION IN STATE
 CONSTRUCTION CONTRACTS 108

Advertisement for Designer –..... 112

Example: Request for Award Design (Sent to SCO) 113

Example: Request for Award-Design Build (Sent to SCO)..... 114

Example: SCO Approval to proceed - Award-Design Build 115

Advertisement For Bids..... 116

Example: Request for Award the Construction Contract – Sent to SCO..... 117

Example: SCO - Award of a Construction Contract..... 118

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM MINIMUM ENVIRONMENTAL CRITERIA 119

FOR THE NORTH CAROLINA ENVIRONMENTAL POLICY ACT 119

Environmental Assessment Guidelines..... 127

 Note to non- college document preparer: 132

INTRODUCTION

The information contained in this guide represents an effort by the **North Carolina Community College System Office (NCCCS)** to aid with existing requirements of the General Statutes (G.S.), State Board Code, procedures, and policies for the construction, repair & renovation, the acquisition and/or disposal of real property. The System Office also operates under the authority of the State Board Community College Code. Questions pertaining to these areas should be directed to the System Office Director of College Capital Finance and Planning or the Associate Director for College Capital Finance and Planning.

The North Carolina Department of Administration, through the State Construction Office (SCO), publishes a North Carolina SCO Manual. That manual covers the construction procedures in greater depth and should be used in conjunction with this guide.

The Capital Improvement Guide should be used as a general guideline and not considered a legal document. References to the G.S. and the North Carolina Administrative Code (NCAC) are provided, and you are strongly encouraged to click on the links provided to review these statutes and codes for the full text as they are the governing documents and are subject to change.

STATUTORY AUTHORITY

The **State Board of Community Colleges** (State Board or SBCC) under the statutory authority of [G.S. 115D](#), manages the North Carolina Community College System.

The SCO under the statutory authority of [G.S. 143-341](#), is charged with the responsibility of reviewing and oversight of community college construction projects with the estimated expenditure of public money in an amount equal to or more than five hundred thousand dollars (\$500,000) for which public bidding is required under [G.S. 143-129](#). The SCO also operates under the authority of [0.1 NCAC 30A](#) of the NCAC.

The **State Building Commission** (SBC) under the statutory authority of [G.S. 143-135](#), is a body empowered to perform many duties with regard to the State's capital improvement program. In limited situations, the SBC has authority over community colleges. The SBC also operates under the authority of [01 NCAC 30D](#) of the NCAC.

GENERAL STATUTE REFERENCES FOR CAPITAL IMPROVEMENT

The website for all North Carolina General Statutes (G.S.) can be accessed at:

NOTE: Community colleges are not state agencies or local governmental units. They are described differently in various statutes. If you are not sure if the statute is relevant, the System Office staff will be able to clarify.

Chapter 115D - Community Colleges

Article 2 - Local Administration.

- § 115D-5. Administration of institutions by State Board of Community Colleges
- § 115D-9. Powers of State Board regarding certain fee negotiations, contracts, and capital improvements.
- § 115D-14. Board of trustees a body corporate; corporate name and powers; title to property.
- § 115D-15. Sale, exchange or lease of property; use of proceeds from donated property.
- § 115D-15.1. Disposition, acquisition, and construction of property by community college.
- § 115D-20. Powers and duties of trustees

Article 3 - Financial Support.

- § 115D-31. State financial support of institutions
- § 115D-32. Local financial support of institutions

Article 4A - Budgeting, Accounting, and Fiscal Management

- § 115D-58.1. Federal contracts and grants.
- § 115D-58.5. Accounting system

Chapter 133 - Public Works.

Article 1 - General Provisions.

- § 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer

Chapter 143 - State Departments, Institutions, and Commissions

Article 3D - Procurement of Architectural, Engineering, and Surveying Services (Announce all requirements.)

- § 143-64.31. Declaration of public policy.
- § 143-64.32. Written exemption of particular contracts.
- § 143-64.33. Advice in selecting consultants or negotiating consultant contracts.
- § 143-64.34. Exemption of certain projects.

Article 8 - Public Contracts.

- § 143-128. Requirements for certain building contracts.
- § 143-128.1. Construction management at risk contracts.
- § 143-128.2. Minority business participation goals.
- § 143-128.3. Minority business participation administration.
- § 143-128.4. Historically underutilized business defined; statewide uniform certification.

General Statute References For Capital Improvement

- § 143-129.2. Construction, design, and operation of solid waste management and sludge management facilities.
 - § 143-129.4. Guaranteed energy savings contracts.

 - § 143-129.9. Alternative competitive bidding methods.
 - § 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids.
 - § 143-132. Minimum number of bids for public contracts.
 - § 143-133. No evasion permitted.

 - § 143-134.1. Interest on final payments due to prime contractors; payments to subcontractors.
 - § 143-134.2. Actions by contractor on behalf of subcontractor.
 - § 143-134.3. No damage for delay clause.
 - § 143-135. Limitation of application of Article.
 - § 143-135.1. State buildings exempt from county and municipal building requirements; consideration of recommendations by counties and municipalities.
 - § 143-135.2. Contracts for restoration of historic buildings with private donations.
 - § 143-135.3. Adjustment and resolution of State board construction contract claim.
 - § 143-135.5. State policy; cooperation in promoting the use of small, minority, physically handicapped and women contractors; purpose.
 - § 143-135.6. Adjustment and resolution of community college board construction contract claim.
 - § 143-135.8. Prequalification.
- Article 8B - State Building Commission.**
- § 143-135.26. Powers and duties of the Commission.
 - § 143-135.27. Definition of capital improvement project.
- Article 36 - Department of Administration.**
- § 143-336. Definitions.
 - § 143-341. Powers and duties of Department.

STATE BOARD CODE REFERENCES FOR PROPERTY AND CAPITAL IMPROVEMENT

The website for all State Board of Community College (SBCC) Code can be accessed at [SBCC Code](#).

SUBCHAPTER 300.INSTITUTIONAL FUNDS

- 1H SBCCC 300.1** Live Client Projects
- 1H SBCCC 300.3** Bookstore and Bookstore Commissions
- 1H SBCCC 300.4** Vending and Concession Activities

SUBCHAPTER 400.PROPERTY AND CAPITAL IMPROVEMENTS

- 1H SBCCC 400.1** Definitions
- 1B SBCCC 200.3** Establishing Multi-Campus Centers
- 1H SBCCC 400.3** Donated or Loaned Property
- 1H SBCCC 400.4** Capital Project Approval and Obtaining Capital Funds
- 1H SBCCC 400.5** Open-End Design Agreements
- 1H SBCCC 400.6** Construction Prequalification Policy

SUBCHAPTER 500.PROCUREMENT

- 1H SBCCC 500.1** Noncertified Source Purchases
- 1H SBCCC 500.2** Special Purchasing Delegations

ADMINISTRATIVE CODE REFERENCES FOR CAPITAL IMPROVEMENT

The website for the North Carolina Administrative Code (NCAC) can be accessed at [NCAC Code](#).

NCAC > Title 01 – Administration, Chapter 30 State Construction

SubChapter A – Division of State Construction

- [01 NCAC 30A .0206](#) PREPARATION OF DESIGN CONTRACT
- [01 NCAC 30A .0207](#) DESCRIPTION OF DESIGN CONTRACT
- [01 NCAC 30A .0305](#) ADVERTISING FOR BIDS
- [01 NCAC 30A .0305](#) ADVERTISING FOR BIDS
- [01 NCAC 30A .0306](#) BIDDING DOCUMENTS
- [01 NCAC 30A .0307](#) RECEIPT OF BIDS
- [01 NCAC 30A .0401](#) RESPONSIBILITIES
- [01 NCAC 30A .0401](#) RESPONSIBILITIES
- [01 NCAC 30A .0404](#) CONTRACTOR DISPUTES
- [01 NCAC 30A .0405](#) REVIEW BY DIVISION OF STATE CONSTRUCTION

SubChapter D – State Building Commission Designer or Consultant Policy

- [01 NCAC 30D .0103](#) DEFINITIONS
- [01 NCAC 30D .0202](#) PUBLIC ANNOUNCEMENT
- [01 NCAC 30D .0301](#) DESIGNER OR CONSULTANT QUALIFICATIONS
- [01 NCAC 30D .0302](#) PRE-SELECTION
- [01 NCAC 30D .0303](#) SELECTING CRITERIA
- [01 NCAC 30D .0306](#) CONTRACT NEGOTIATION

SubChapter E – State Building Commission Designer/ Consultant Evaluation Procedures

- [01 NCAC 30E .0102](#) POLICY
- [01 NCAC 30E .0301](#) DESIGN PHASES

SubChapter F – State Building Commission Contractor Evaluation Procedures

- [01 NCAC 30F .0102](#) POLICY
- [01 NCAC 30F .0301](#) DEFINITIONS

SubChapter I – Minority Business Participation Goal

- [01 NCAC 30I .0101](#) POLICY
- [01 NCAC 30I .0102](#) POINT VALUES FOR GOOD FAITH EFFORTS UNDERTAKEN.
- [01 NCAC 30I .0302](#) DEFINITIONS
- [01 NCAC 30I .0306](#) OWNER REQUIREMENTS
- [01 NCAC 30I .0307](#) DESIGNER REQUIREMENTS
- [01 NCAC 30I .0308](#) CONTRACTOR REQUIREMENTS
- [01 NCAC.30I .0309](#) MINORITY BUSINESS RESPONSIBILITIES

ACRONYMS

ASF – Assignable Square Feet

BOT – Board of Trustees

CA – Commissioning Agent

CFO – Chief Financial Officer

CI – Capital Improvement

CM@R – Construction Manager at Risk

CO – Change Order

CPC – Capital Projects Coordinator

DENR – Department of Environment and Natural Resources

DOA – Department of Administration

DOI – Department of Insurance

FCAP – Facility Condition Assessment Program

FMP – Facilities Master Plan

G.S. – General Statutes

GSF - Gross Square Feet

IPS – Interactive Purchasing System

NCAC – North Carolina Administrative Code

NCCCS – North Carolina Community College System

OSBM – Office of State Budget and Management

OSFM – Office of State Fire Marshall

P&C – Division of Purchase & Contract (Department of Administration)

RSMEANS Data – Average Construction Cost.

SBCC – State Board of Community Colleges

SCO - State Construction Office

DEFINITIONS

As defined in [G.S. 115D-2. Definitions](#)

- The term "**administrative area**" of an institution comprises the county or counties directly responsible for the local financial support and local administration of such institution as provided in this Chapter.
- The term "**institution**" refers to any institution established pursuant to this Chapter.
- The term "**State Board**" refers to the State Board of Community Colleges. The State Board is also referred to as "SBCC."
- The term "**tax-levying authority**" of an institution is the board of commissioners of the county or all of the boards of commissioners of the counties, jointly, which constitute the administrative area of the institution.
- The term "**board of trustees**" refers to the body corporate with powers to enable it to acquire, hold, transfer real and personal property, to enter into contracts, to institute and defend legal actions and suits, and to exercise such other rights and privileges as may be necessary for the management and administration of the institution in accordance with the provisions of [G.S. 115D](#).
- The term "**capital projects coordinator**" (or CPC) The CPC is the person at the college who is responsible for the capital construction process and performs the duties as described in the State Construction Manual. The CPC is the designated staff person with responsibility for the capital improvement projects and related matters at the college and is the primary contact person for the NCCCS and SCO. The CPC must be familiar with the State Construction process as demonstrated by having attended the training course for CPC's given by SCO.
IMPORTANT NOTE: the chief financial officer of each college should ensure that their CPC is included on the "LL CPC" list so they will receive all communications via e-mail by contacting the colleges Systems Administrator.
- The term "**formal project**" is defined as projects with an estimated total project cost at or more than the threshold defined in Article 8 of Chapter 143 [G.S. 143-129](#). Procedure for letting of public contracts (G.S. 143-129) currently = or >\$500,000.
- The term "**informal project**" is defined as projects with an estimated total project cost less than the threshold defined in Article 8 of Chapter 143 [G.S.143-129](#). Procedure for letting of public contracts (G.S. 143-129) currently <\$500,000.

Continued...Additional Definitions

- The term “**Interscope System**” is an interactive Capital Project Environment for the State of North Carolina that allows users to manage and track all facets of capital construction projects; from initial project authorization to final project closeout. The database provides real-time access to project funding information, expenditures, project status, contract documents, plan review comments, scheduling milestones, HUB participation, weekly and monthly site construction reports, inspection reports, and designer and contractor evaluations.
- The term “**open-end design agreement**” is an agreement with a designer over a set period of time (one year period) to provide limited professional architectural, engineering, or surveying services on a routine or as needed basis for miscellaneous informal projects where construction costs are under \$300,000, as established in [1H SBCCC 400.5 Open-End Design Agreement](#) and [01 NCAC 30D 0302\(f\)](#).
- **Community College Project Exemptions:** All community college projects with an estimated total project expenditure (budget) below the public bidding threshold of five hundred thousand dollars (\$500,000) are exempt from State Construction oversight, as required in [G.S. 143-129](#). The building code is enforced through the local Authority Having Jurisdiction (AHJ), which is usually a county, town or city inspections department.
- **Major project** – Capital Improvement project with a total cost equal to or greater than \$500,000 regardless of funding and no matter if the college holds delegated authority or not.
- **Minor project** – Capital Improvement project with a total cost less than \$500,000 and is exempt from State Construction oversight and shall be entered into the SCO Interscope System for reporting Historically Underutilized Business per G.S. 143-131.
- **Owner Review:** The owning agency or institution of a capital project may not be a regulatory Agency, but their review and approval are the most important in the process. The public funds were appropriated to the owning Agency for facilities to support a program or service provided by the State or Community College. It is important that the Owner approves all plans submitted prior to their transmittal to the SCO and other review entities. The Owner is the most familiar with the program, staff, spaces and overall operation, and needs to ensure that the design, materials, equipment and systems meet those needs and that the project is within the scope and funds established by the appropriation or budget. The Facilities Management department of each owning agency or institution must, by State Building Commission Rules, be a major participant in the design, review and approval of any capital project to ensure that not only the scope and program are addressed, but that the maintenance, serviceability, life safety and environmental support systems operate safely, effectively and efficiently over the life of the building. The **Capital Projects Coordinator (CPC)** shall be

Continued...Additional Definitions.

responsible for ensuring that facilities maintenance personnel are fully involved in the review and input provided to the Designer. Their comments should also be included with the Owner's review and approval letter to SCO.

CAPITAL IMPROVEMENT FINANCIAL SUPPORT

COUNTY FUNDS (TAX LEVING AUTHORITY)

As authorized in the provisions of [G.S. 115D-32](#) Local Financial support of institutions, it is the responsibility of the local tax levying authority (county) of each institution (college) to provide adequate funds for the acquisition of land, erection of all buildings, and alterations and additions to the buildings. Per the same statute, the local tax levying authority is responsible to provide funds for the **plant operation and maintenance** of buildings and grounds.

The county may borrow funds from a lending institution to finance the construction of a capital improvement project at their community college. The lending institution may require some form of collateral which often is a lien on the title to a reasonably sized parcel of property on which the facility will be constructed. The college's board of trustees, **subject to prior approval of the State Board**, may transfer title (deed) a parcel of property to the county for the purposes of financing a capital improvement project as provided in statute under [G.S. 115D-15.1. Disposition, acquisition, and construction of property by community college.](#)

IMPORTANT NOTE: *Per G.S. 115D-15.1(b), a secondary agreement shall require the county to transfer the property back to the **board of trustees** of the community college when any financing agreement entered into by the county to finance the additions, improvements, renovations, and repairs has been satisfied.*

A COLLEGE MAY NOT TRANSFER/DISPOSE OF PROPERTY TO THE COUNTY TO CIRCUMVENT THE LAW THAT REQUIRES STATE CONTRUCTION OVERSIGHT.

STATE FUNDS

As authorized in the provisions of [G.S. 115D-31. State financial support of institutions](#), the State Board of Community Colleges (State Board) **may, on an equal matching-fund basis**, from state capital improvement appropriations made available by the state (General Assembly) for that purpose, grant state funds to individual institutions for the purchase of real property and the construction and remodeling of institutional buildings.

State appropriations cannot be used for the operation, maintenance or repair of buildings unless the legislation authorizing the appropriation specifically permits such use.

PUBLIC FUNDS

Funds that are received or accepted by a college, regardless of the source, become "public funds" and must be treated accordingly. Private donations or gifts of money, or the proceeds from the sale of donated property lose their identity and are no longer private funds when they are controlled by the college. This means when expending these funds, the college must adhere to the proper rules governing purchasing, contracting, construction, etc.

SECURITY INTERESTS

As authorized in the provisions of [G.S. 115D-58.1. Federal contracts and grants](#), the college is permitted to grant a security interest to the Economic Development

Administration (EDA) in any real property or equipment purchased with the EDA funds.

NON-STATE FUNDS (LOCAL FUNDS)

For the purposes of community college capital improvement projects, non-state/local college funds consist of, or includes county appropriations, county bonds, Federal (i.e. EDA), donations, State funds appropriated directly to the college and institutional funds.

NON-STATE MATCHING FUNDS

As per the provisions of [G.S.115D-31. State financial support of institutions](#), requires state capital improvement funds (appropriations) to be matched with non-state capital improvement funds on an equal matching basis unless otherwise exempted by special legislation. The accumulative totals, from the individual institutions (college's) inception, of all prior non-state matching funds and prior state funds that have been expended and/or obligated to a capital improvement are compared and any excess non-state funds are considered as a **nonstate overmatch credit**. Non-state/local college funds are obligated after the county certifies the availability of the funds by signing the NCCCS 3-1 form and the State Board approval of the project.

CAPITAL IMPROVEMENT DATA UPDATE

Based on the capital improvement records of NCCCS, each college is provided on an annual basis (as of June 30 each fiscal year), the accumulative totals of all SBCC approved capital improvement projects on a Capital Improvement Data Form (NCCCS 3-5) for review, update, and submission to NCCCS for corrections/updates to records.

FUNDING COMPONENTS OF A CAPITAL IMPROVEMENT PROJECT

SCOPE & BUDGET DEFINED

Project Scope is a basic description of the type, and other information that fully defines the project.

Project Budget is the total funds available for the project. Budget items include the cost for advance planning, design, site improvements (if necessary) construction, commissioning, special inspections and contingency.

Design Fee is the fee for the development of plans and specifications for the project. The fee will include the design consultants used on the project. For formal projects, the fee will be negotiated by the SCO as a lump sum fee. Typically, the design fee is 2-15% of the overall project cost. This percentage is subject to the overall project cost, and project complexity.

For **informal projects**, the design fee may exceed the 8-10% range.

Contingencies are the funds available (reserve) to pay for soil investigations, testing, design fee adjustments (amendments to the design agreement), change orders and other unforeseen situations not identifiable at the beginning of the project. Typically, the contingency funds should be 3-5% of the construction costs.

Important Note: Contingency funds, as identified above, cannot be used as a part of total funds available to award construction contracts.

Furniture, Fixtures & Equipment (FF&E) (reserve) funds are set aside for furniture, fixtures and equipment.

Construction Funds Available equal the amount of funds remaining minus/less the design fee, contingency and other fees (reserve) to award construction contracts.

CAPITAL IMPROVEMENT PROJECT THRESHOLDS

INFORMAL PROJECTS

Projects with an estimated total project cost less than the threshold defined in Article 8 of Chapter 143 [G.S. 143-129. Procedure for letting of public contracts](#) is considered an “**informal**” project. It is important to consider the current construction economy if the estimated total project cost is close to this threshold. The college should consider treating the project like a formal project. Several G.S. require that certain actions be taken prior to awarding a contract and some of these actions must be included in the bid documents for the bidders to consider when compiling their bid(s).

Four examples that are triggered by the \$500,000 threshold are:

1. [G.S. 143-129. Procedure for letting of public contracts](#) requires that **no bid can be considered** unless it is accompanied by a bid deposit or bid bond of five percent of the bid.
2. [G.S. 44A-26. Bonds required.](#) requires performance and payment bonds in the amount of **one hundred percent** (100%) of the bid for all contractors who have contracts over \$50,000.
3. [G.S. 143-128.2. Minority business participation goals.](#) Requires contractors on projects costing over \$500,000 to make specified **good faith efforts** to recruit minority participation as detailed in [G.S. 143-128.2. Minority business participation goals.](#)
4. [G.S. 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.](#) requires an **architect or engineer registered in North Carolina** to prepare the plans for repairs to a building with no structural changes in framing or foundation. If an architect or engineer did not prepare the plans, the college would have to reject the bid or bids.

Any informal project that uses state funding must be submitted to the State Board of Community Colleges (State Board) for approval before the college executes a design contract.

Informal projects **that do not use state funding** do not need to be submitted to the State Board for approval. Informal projects are not required to be submitted to the SCO for review and oversight, but a college can submit the informal project for a courtesy review if the college would like to have the oversight of SCO. Informal projects may follow either the informal bidding procedures in [G.S. 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids](#) or the formal bidding procedures in [G.S. 143-129. Procedure for letting of public contracts.](#)

Informal projects must have the proper approval and permits from the local building inspector and must comply with all state and local building codes and regulations. The college or the designer must submit the building plans for all projects over 10,000 square feet to the NC Department of Insurance, Engineering and Building Code Division to assure code compliance <http://www.ncdoi.com/>. **Their approval must be secured to obtain a building permit from your local building inspector.**

To obtain competitive bids, the college must have some form of plans and/or specifications for the project, so all bidders are bidding on the exact same materials and components. Depending on the size and type of project, the college may be required by [G.S. 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.](#) to employ a designer.

If a college decides to accept informal bids, it is **highly recommended** that the college secure at least three bids. The General Statute, states that an award can be made “after informal **bids** have been received.” By using the plural form of bid, it implies that more than one bid must be secured. While advertising in a newspaper is not required for informal bids, it may promote local goodwill. The college may consider placing an advertisement on the NC Electronic Vendor Portal (eVP) website to promote competitive bidding. If the college makes a genuine effort to solicit bids from three or more contractors and only one contractor submits a bid, an award can be made to the one bidder. The college should keep records of all bids and bidding efforts for three years.

[G.S. 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids.](#) **requires** the college to solicit minority participation for its informal projects (those from \$30,000 equal to or less than \$500,000). It also requires the college to provide documentation to the Department of Administration, Office for Historically Underutilized Businesses (HUB Office), as to the type and dollar value of the project, contractors solicited, dollar value of minority business participation, and the **good faith efforts made to seek minority contractors**. The college should meet this reporting requirement as they enter their data for a project in the SCO Interscope System to capture capital HUB participation as per [G.S. 143-128](#).

SCO provides forms for informal contracts that can be edited and used by the college. It is also recommended that SCO’s design contract be used. It can be edited to meet the college’s needs, and it provides more protection to the college than the American Institute of Architects’ (AIA) contract. If these documents are used, any reference to the State of North Carolina or the SCO must be removed.

Open-End Design Agreements – Must announce for qualifications

An open-end design agreement is an agreement with a designer over time (usually one year) to provide limited professional architectural, engineering, or surveying services on a routine or as needed basis for miscellaneous **informal projects.** When the college has established an open-end design agreement, and for that specified period, they may continue to use that designer’s services on informal projects, subject to certain limitations, without publicly announcing for each individual informal project(s). A designer who is selected under an open-end design agreement does not receive a retainer and only receives a fee when the designer performs services under that agreement.

When an informal project is identified, the college will negotiate a design fee with the designer for that individual project and prepare a letter agreement for the informal project. If a college needs assistance or input regarding a reasonable fee, the college can contact SCO for assistance.

As established in Title 1, Chapter 30 of the NCAC [01 NCAC 30D .0302\(f\)](#), the board of trustees of a community college may enter into an open-end design agreement subject to the following limitations:

- The original open-end design agreement must be publicly announced following the procedures in the section "Announcing for Designer Services."
- Designers or consultants for open-end design agreements shall be selected in accordance with the college's designer selection procedures for informal projects. The selection **shall be based on the qualifications of the firm; fee shall not be a factor in the process.**
- The total estimated cost of each informal project shall not exceed \$500,000.
- The term of the original open-end design agreement shall be for one year.
- The design fees for any single project designed under an open-end design agreement shall not exceed \$36,000.
- Regardless of the number of projects during the initial one-year period of an open-end design agreement, the total amount of design fees paid in accordance with an open-end design shall not exceed \$150,000.
- A board of trustees of a community college may extend the term of the original open-end design agreement for a maximum of one additional year.
- If the term of an open-end design agreement is extended for one additional year and regardless of the number of projects, the sum of the fees paid for the initial term of the agreement and for the one-year extension shall not exceed \$300,000.

IMPORTANT NOTE: AN INSTITUTION SHALL HAVE **ONLY ONE** ACTIVE OPEN-END DESIGN AGREEMENT WITH A FIRM.

FORMAL PROJECTS

Projects with an estimated total project cost equal to or more than the threshold defined in Article 8 of Chapter 143 [G.S. 143-129. Procedure for letting of public contracts](#) is considered a “**formal**” project. The current threshold includes any project requiring the estimated expenditure equal to or great than \$500,000 or more for design fee, construction contracts, and construction contingency, **regardless of the source of funds** and must have the approval of the State Board and oversight by the SCO. Formal bidding procedures as per G.S. 143-129 must be followed for these projects.

SPECIAL NOTE REGARDING EMERGENCIES: In the case of an emergency that presents a hazard regarding the health and safety to people or property, damages to property due to adverse weather, fire, or other conditions, the bidding procedures in [G.S. 143-129](#) may be waived. The college must notify the Director of State Construction prior to proceeding with an official capital construction emergency project. In all cases, such use of the emergency declaration, a written description of the condition and rationale for employing this special authority should be documented and signed by the agency/institution head refer to [NC DOA SCO - How to declare and start work with an official capital construction emergency.](#)

The CPC should submit the NCCCS 3-1 form to NCCCS for approval of the project at the same time as the declaration of an emergency is submitted to the SCO with a copy to ciprojects@nccommunitycolleges.edu. The system president can approve an emergency project because of the urgent need, but the project will be presented to the State Board for their approval at next scheduled meeting. Note: An emergency is not a planned event, it requires immediate action.

ESTABLISHING A CAPITAL IMPROVEMENT PROJECT

Step 1: Submit the NCCCS 3-1 form for inclusion on the State Board agenda

As authorized in the provisions [G.S. 115D-5\(a\)](#), “The State Board shall have authority with respect to individual institutions: to approve sites, capital improvement projects”

The Capital Projects Coordinator (CPC) should email ciprojects@ncccommunitycolleges.edu to request a project number to be included on the NCCCS 3-1. All formal projects, regardless of the type of funds, and those informal projects or acquisitions of real property that use state funds, must include the project number on all correspondence and forms from the college and designer to NCCCS.

Based on the requirements of [G.S. 115D-5\(a\)](#), it is the responsibility of the CPC to submit to NCCCS the NCCCS 3-1 form to establish a new project, amend an existing project, and for final close out.

NOTE: The NCCCS 3-1 form (with instructions to complete the form, first tab) can be accessed on the [NCCCS Website - Capital Improvement page](#).

All NCCCS 3-1 forms will be uploaded to the specific project(s) in the SCO Interscope System once State Board approval is obtained. All Minutes, Agendas & Committee Attachments can be located under “Meeting” on [State Board - Meetings](#) (click on “View Meeting Minutes.” Any urgent President or Director approvals can be located in the SCO Interscope System.

[SCO Construction Manual, Chapter 500, Design Guidelines](#) Design Overview: Project design phases described in this chapter reflect a typical new state construction project, subject to the “formal” bidding and contract process. “Informal”, University “download”, Community College, and various project types have unique review requirements that may differ from those described here. Refer to Table 501 at the end of this chapter for specific review requirements.

Step 2: Announcing for Designer Services

As per the provisions of [G.S.143-64.31. Declaration of public policy](#), the college must publicly announce for all requirements for architectural, engineering, surveying, construction management at-risk and design-build services unless otherwise exempted by law, **and colleges shall make good faith efforts to notify minority firms of the opportunity to submit qualifications for consideration.**

As per [G.S. 143-64.34. Exemption of certain projects.](#), colleges are exempt from State Construction oversight as required by [G.S. 143-129](#), the building code is enforced through the local Authority Having Jurisdiction (AHJ) (i.e. county, town or city inspections department.)

College are exempt from having to announce their requirements for designer services for:

- **designer services for any informal project undertaken under an open-end design agreement where the initial open-end design agreement was publicly announced.**

It is **recommended** that the college advertises designer services on an informal project to help facilitate an informal project to a formal project when necessary.

The announcements for designer services **must be posted on the [eVP website](#)** . To post the announcements, the CPC (or procurement professional) must have authorization rights from P&C. The announcement must be posted using the [Advertisement for Design Services](#) form and include as a minimum the following information:

- college name and address
- project name (and NCCCS project number if the project must be approved by the State Board)
- scope of project
- contact information for the college's capital projects coordinator (CPC)
- estimated project budget and source of funds
- a publishing and closing date for receipt of letters of interest

If the announcement is for advance planning, the college should indicate this in the scope and show the **total** anticipated budget for the completion of the project on the budget line. This will provide the designers with an indication of the size of the project.

As addressed in [01 NCAC 30D .0202](#) (Public Announcement) of the NCAC, the closing date that the college establishes should be:

- 10 days from the date of publication for "informal" projects (< \$500,000), and
- 15 days for "formal" projects (Equal to or > than \$500,000).
- The closing date should not be for more than 21 days from the date of publication in the eVP System.

The announcement should request the designers furnish Standard Form 254 (SF 254) with the letters of interest.

255) Step 3: Designer Selection

Designer selection is the responsibility of the local board of trustees. The trustees **must adopt procedures** for the designer selection process for both informal projects (< than \$500,000) and formal projects (equal to or > than \$500,000).

For **formal** projects equal to or > than **\$500,000 or more**, the college's capital projects coordinator (CPC) should receive all letters of interest from the designers and should form a pre-selection committee. This pre-selection committee should be composed of the CPC and two or three others (SCO recommends a license engineer or designer to sit on the committee.) The pre-selection committee should review the qualifications of all those design firms for which they have received a letter of interest for the project. As part of that review the committee should review the results of designer evaluations available in Interscope conducted on these firms by other community colleges, state agencies, and universities.

The pre-selection committee should **select three to six firms to be interviewed and evaluated** by either this same committee or by another committee, which may be the building and grounds committee of the board of trustees. The interview committee should then rank three firms in priority order and submit this ranking to the board of trustees for their final approval.

In making recommendations the committee might consider such criteria as:

- a. Previous community college projects designed,
- b. Proposed design approach including design team and engineers,
- c. Adequate and experienced support staff,
- d. Current and projected workload for architect and proposed engineers,
- e. Procedures used for keeping projects within budget and on schedule,
- f. Past performance in keeping projects within budget and on schedule,
- g. Construction administration capabilities,
- h. How change orders are reduced or controlled,
- i. Response time to construction questions,
- j. Previous projects which experienced formal legal or technical problems, and,
- k. Proximity to and familiarity with the area.

Per [G.S. 143-64.31. Declaration of public policy](#), the board's final selection shall be based on demonstrated competence and qualifications based on the type of professional services required without regard to fee.

If the design firm does not have the necessary in-house design team, the firm will employ outside architects and/or engineers as consultants to perform these services. These consultants should be identified during the selection process and approved by the board of trustees prior to making the final designer selection. **The consultants will be paid by the designer as a part of his/her fee as set forth in the [Owner-Designer Agreement](#).**

NOTE: For capital improvement projects whose design requires primarily engineering services, the college may receive better service by selecting an engineering firm for the principal designer. The engineering firm can then employ an architect or other engineers as consultants to assist with the design.

Step 4: Owner-Designer Agreement

The parties to the Owner-Designer Agreement are the board of trustees of the college and the designer. For formal projects, the owner-designer agreement will be prepared by the SCO.

The State of North Carolina and the State Board of Community Colleges are not parties to the agreement.

To initiate the process, the college should:

- Send a letter to the SCO requesting the agreement be negotiated.
- The letter should include the name and address of the design firm,
- The name and address of any consultants the designer may need to employ,
- The total budget with a list of sources of funds available or needed, and
- A general description of the project.

After receiving the college's letter, SCO's contract administrator will request from the designer both a lump sum fee for which they will design the project and a list of any proposed consultants. If the designer's proposed fee is not reasonable, the contract administrator will attempt to negotiate a reasonable fee. If the contract administrator cannot negotiate a reasonable fee, the college's Capital Projects Coordinator (CPC) will be notified and asked to submit the college's second choice for a design firm. SCO will then attempt to negotiate a contract with the second firm.

Once a fee is established the SCO will prepare the owner-designer agreement and send it to the designer. After the designer signs the agreement, the designer will transmit the signed agreement to the college.

After the board chair or authorized person at the college signs all the agreement,

- the college will keep one,
- provide one to the designer,
- Upload signed form to the SCO Interscope System and
- provide one to SCO.

NCCCS Office must be able to retrieve a copy of the owner-designer agreement from the SCO Interscope System before releasing payments to the college for any design fee.

It is important that the CPC read and understand the terms and schedules outlined in the owner-designer agreement.

The lump sum fee for a project can only be amended by SCO after negotiation with the designer for additional services or changes in scope requested by the owner.

For formal projects, the board of trustees, college president, CPC, or staff are not authorized to amend the design agreement.

The reasons to amend the owner-designer agreement would be for a change in the scope of the project or because the college needs the designer to perform extra services.

Owner-Designer Agreements - Advance Planning

For projects that funds do not permit the full design, the college may instruct the SCO to prepare an owner-designer agreement in such a manner that the agreement automatically terminates at a specified point in the design. Terminating an owner-designer agreement in this manner is called **advance planning** and would enable the college to have plans drawn in advance of the actual construction funds being available. If available, and permitted by legislation, State funds may be used for advance planning.

Other important factors regarding the employment of designers (architects):

As per [G.S. 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer](#), plans and specifications for the construction or

repair of public buildings must be prepared by an architect or engineer who is registered in North Carolina when the construction contracts are in excess of:

1. \$300,000 for repairs not requiring structural change,
2. \$100,000 for repairs affecting life safety systems, or
3. \$135,000 for new construction and additions, or repairs that require structural change.

In-House Coordinator – SCO Interscope: If the college has no plans to hire a designer for a project and only an engineer, the college will need to request from the SCO Interscope Administrator, or through the SCO Interscope System by clicking on “Report a Problem” for an In-House Coordinator if there is not one already established in the system for the college. Every time an In-House Coordinator is selected on a project within the SCO Interscope System, the college is required to acknowledge they understand and will adhere to G.S. 133-1.1 by checking the box.

Life Cycle Cost Analysis

[Article 3B.G.S. 143-64.10 \(b\)](#), states “facility designs shall take into consideration the total life-cycle cost, including the initial construction cost, and the cost, over the economic life of the facility, of the energy consumed, and of operation and maintenance of the facility as it affects energy consumption.” As addressed in [G.S. 143-64.15\(C\)](#), this life-cycle cost analysis (LCCA) is to be conducted for the construction or renovation of any State-assisted facility, including community colleges, of 20,000 or more gross square feet.(GSF) If your project meets this threshold, your designer will need to prepare a LCCA and take the findings into consideration in the design of your facility. The designer must submit a formal analysis of the LCCA to the SCO with the submittal of the schematic design phase. Information on the requirements of the LCCA is available from the SCO’s website.

Step 5: Plan review and approval timelines

As per [G.S. 143-135.26\(2\) Powers and duties of the Commission](#) To adopt rules for coordinating the plan review, approval, and permit process for State capital improvement and community college buildings, as defined in subdivision (4) of this section.

To provide consistent, concurrent and expeditious reviews for community college capital improvement projects, the following review time frames shall apply to any State regulatory agency that reviews and approves or permits these projects, except where other applicable statutes may define other time frames. These times are calendar days from receipt of submittal until completion of the review for each stage of review required and are to be used by Owner/Designer in estimating project schedules.

The times are:

- Advance Planning----- 15 days
- Schematic Design ----- 30 days
- Design Development ----- 30 days
- Construction Documents--- 60 days
- Final Approval ----- 15 days

Meeting these timeframes will be contingent upon:

- The Owner/Designer providing finished, complete submittals as defined by the State Construction Manual for each stage of design.
- The project size and complexity being under \$40 million.
- Review agency staffing being adequate to maintain these time frames during periods of heavy workload.

Note: Depending on the type of project such as size and complexity, and due to Bluebeam, the time could be cut in half, or it could exceed those times.

Informal projects, under \$500,000, are exempt from the SCO plan review process. (Exempt from SCO review only. Not DOI review.)

Compliance with [G.S. 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer](#) (a) and (b)) where plans and specifications for public projects shall be prepared by an architect or engineer, including inspection and providing a Certificate of Compliance to the State Building Code.

Design Phases defined:

Schematic Design Phase - The schematic design (SD) is the first of three design phases. It is a simple, single line drawing of the project showing site location and room locations with a written description or outline of the project specifications of the project. The designer should submit one set of SD plans with a probable cost estimate to the college and one set to the SCO for their use.

Other regulatory agencies are required to review and comment on the plans and the number of agencies varies depending on the type of project. It is the responsibility of the designer to submit copies of the SD plans to these other regulatory agencies. The SCO's NC State Construction Manual contains a listing of these regulatory agencies along with additional technical information required to be submitted with the SD plans. If the probable cost estimate exceeds the funds budgeted as listed in the owner-designer agreement, the SCO will instruct the designer not to proceed to the next design phase. At that point, the designer, at no additional cost to the college, must redesign the project within the budget, or the college must certify in writing to the SCO that they have additional funds to be budgeted for this project to meet the probable cost estimate. If additional funds are added, the owner-designer agreement will need to be amended.

College staff **must review** the SD plans and furnish the SCO and the designer with a letter with their review comments along with the college's approval of the design, uploading that letter to the SCO Interscope System within the project. **Projects cannot proceed to the next design phase without this written approval from the college.**

After reviewing the plans, the SCO and the other regulatory agencies will furnish comments to the designer and the college. The designer should not proceed to the next phase without the written approval of the SCO and the owner.

On some simpler projects, such as re-roofing, paving, minor renovations, minor-electrical or mechanical repairs, etc. the SCO may permit the designer to combine the schematic and design development phases into one submission. Combining phase should normally be determined when the SCO and the designer are negotiating the design fee.

Note: The college may want to reach out to SCO up front if the college could combine the schematic and design phases to help expedite the capital project.

Design Development Phase - The design development (DD) phase is the second design phase. It is a more detailed expansion of the approved schematic design drawings and includes the type of structure, type of mechanical system, type of electrical system, other special features, an outline of the project specifications and a probable cost estimate.

The college and the designer should follow the same review procedures and submission guidelines as for the schematic design review. After reviewing the plans, the SCO and the other regulatory agencies will furnish comments to the designer and the college.

Construction Document Phase - The construction document (CD) phase is the third and final design phase. This submission includes detailed construction drawings and full specifications for construction of the project and a probable cost estimate. These full specifications at this phase are the written documents, (often referred to as the “bid documents”) that accompany the plans. They describe all of the materials and products used in the project and the methods for installing them.

The college and the designer should follow the same procedures and submission guidelines as for the schematic and design development reviews. After reviewing the plans, the SCO and the other regulatory agencies will furnish comments to the designer and the college. The CD review by the SCO and the other regulatory agencies takes approximately 60 calendar days from the date received.

After the designer has resolved the review comments and made all changes to the plans and specifications necessitated by **all** reviewing agencies, the designer shall furnish the final plans and specifications for final approval to the SCO.

IMPORTANT NOTE: If plans are not bid within six months of completion of the final review, the plans will need to be resubmitted to the SCO and the other regulatory agencies to be rechecked for possible changes in the State Building Code or other governing regulations.

Final Submittal - Final submittals are not intended to be another phase review. The final submittal is to review and verify the designer’s written responses to the construction document, review comments from the SCO and verify that revisions required have been made to the project documents. If the final submittal check shows non-compliance with the previous CD review comments or has generated more comments, then a Not Approved for Bid is given, and a re-submittal may be necessary.

NOTE: An SCO final review letter is marked as follows:

“Approved for Bids SUBJECT TO approval of involved regulatory agencies. Coordinate a bid date with this office when all approvals have been obtained. According to our records approvals have not been received from:”

Setting of Bid Dates

Upon approval of all regulatory agencies, the Owner and Designer, in consultation with the SCO, shall establish the date for receipt of bids. When the bid date is established, send via e-mail a copy of the completed Notice to Bidders to SCO for posting on the [North Carolina State eVP System](#) for public announcements.

The SCO is authorized to review and **approve to bid** all Community College projects over \$500,000. Community colleges exercising their delegated authority will follow a slightly different approval process, with the final approval being at the college.

Building permits and other regulations. Both formal and informal projects must have the proper approval and permits from the local building inspector and must comply with all state and local building codes and regulations. The college, or the designer, must submit the building plans for any building comprising of 20,000 square feet or more to the Office of the State Fire Marshall (OSFM) as to the safety of the proposed building from fire, including the property's occupants or contents [G.S. 58-78A-16](#) Session Law 2023-153, Senate Bill 409. **Their approval must be secured in order to obtain a building permit from your local building inspector.**

Two frequently overlooked regulations that will affect most of our formal projects are the [North Carolina Environmental Policy Act](#) and the [North Carolina Sedimentation Pollution Control Act](#). The [State Construction Manual](#) is published by SCO has a detailed list of all the reviews and approvals that are required prior to advertising for bids.

NC Environmental Policy Act

This act, found in [Article 1 - Environmental Policy Act](#), is applicable where there is an expenditure of public monies or use of public land for any project which requires approval by the NC Community College System, and which has a potential environmental effect upon either the natural resources, public health and safety, natural beauty, or historical or cultural elements of the state's common heritage. Please note that any funds, regardless of the source, that are expended by a college become "public monies." Website - [DEQ NC Hazardous Waste Sites Map](#).

The purpose of the act is to make the public aware of actions that the state or, in this case, a community college is planning that might affect the environment, and to allow public review and comments to be made regarding these actions. Projects that receive adverse comments could be delayed until the comments are resolved. Most community college projects that meet the criteria for "Major Actions" will be required to file an Environment Assessment (EA) and [Finding of No Significant Impact \(FONSI\) CDBG-I FONSI-EA](#) form with the State Clearinghouse. If an EA and FONSI are required, they should be submitted together to reduce the review time and duplication of information requested.

State Clearinghouse is required to publish the filing of these environmental review documents in the [North Carolina Environmental Bulletin](#), which is a daily summary of environmental documents currently being circulated for review and comment. The review documents are circulated to appropriate state and local agencies to give them the opportunity to review and comment on the adequacy of the environmental impact documents before final decisions are made. Review time for the EA and FONSI documents are thirty calendar days from the date of the publication of the NC Environmental Bulletin. A schedule that includes publication, submittal and closing dates can be found at the website [SEPA Requirements](#). The State Environmental Policy Act (SEPA) is a statute entitled the North Carolina Environmental Policy Act of 1971, [Article 1 - Environmental Policy Act](#). At the end of the review period the college will be notified of any comments and if any further action is required.

To begin the review process, review documents must be received by the State Clearinghouse one week prior to the publication date. The environmental documents for the project must be circulated, reviewed, and approved, by the State Clearinghouse, **prior to the college advertising for bids.**

Submit environmental documents to or request further information directly from the [State Environmental Review Clearinghouse](#)..

NC Sedimentation Pollution Control Act – [Article 4, G.S. 113A](#)

Prior to the commencement of any land disturbing activity on more than one acre of land, an erosion control plan must be approved by the Land Quality Section of the Division of Land Resources under the NC Department of Environmental and Natural Resources. [Regional offices](#) and the counties served can be found on their web site ensure to contact the appropriate NCDEQ/DEMLR/Land Quality Section office.

Other Regulatory Agencies

There are many other regulatory agencies that have responsibilities over various aspects of construction projects. The North Carolina [State Construction Manual](#), which is published by SCO and is available on-line contains a list of all these agencies. The designer must comply with the requirements of these agencies and obtain their approval at all design phases.

Additional Construction Project Agreements

Special Inspections

Chapter 17 of the NC Building Code [Special Inspections and tests](#) requires that special inspections be conducted on certain elements of construction projects. While these elements generally involve structural systems, they can also involve fire, mechanical, and electrical systems. These inspections are over and above the normal inspections required of the designer and his or her team of engineers in the standard design agreement; and therefore, there will be additional costs involved. The designer and his design team shall determine if the project requires special inspections, and the structural engineer of record will prepare the **Statement of Special Inspections** which creates a project-specific schedule of inspections. While it is recommended that the college employ special inspectors that are not on the design team, there is no prohibition from doing so. Selecting and contracting with these special inspectors will require additional steps and will be an additional cost for the college.

The designer and his/her consultants are still responsible for conducting regular construction observation visits per the requirements of their design contract. The inspections established by the Statement of Special Inspections shall exceed the traditional requirements of the Design Contract.

Commissioning

The commissioning authority's responsibilities are addressed in [Article 8C - Performance Standards for Sustainable, Energy Efficient Public Buildings](#) (G.S. 143-135.35-40). The commissioning authority efforts will include the review of component and equipment submittals by contractors, review of systems to be commissioned, and review of the contractor's pre-functional/startup check lists. [G.S. 143-135.40](#) Monitor construction standards and sustainable building standards.

For design and construction of Capital Projects, the owner shall ensure that the performance of building systems meets the design intent. To provide quality assurance on a project, the owner may contract with an independent Commissioning Authority to serve as an advisor, depending on what method of compliance is selected, on projects above the size thresholds in [G.S. 143-135.37\(d\)](#), currently 20,000 square feet with some exceptions. Commissioning Guidelines are available on the SCO website.

Steps to employ a commissioning agent. If a Community College publicly advertised the selection of their Designer, then they should also publicly advertise for the selection of their Commissioning Agent. If a Community College performed designer interviews for the selection of their Designer, then they should also conduct interviews for the selection of their Commissioning Agent.

SCO will assist a Community College with the Commissioning fee negotiations for formal projects (= to or > than 500,000) and if Commissioning is required by compliance with the Performance Standards for Sustainable, Energy-Efficient Public Buildings as identified in [Article 8C - Performance Standards for Sustainable, Energy-Efficient Public Buildings](#).

If SCO oversight is required for the project and Commissioning is required due to compliance with Performance Standards for Sustainable, Energy-Efficient Public Buildings, then the Commissioning contract will be prepared and released by SCO.

If a Community College wants to use Commissioning for some reason other than compliance with the Performance Standards for Sustainable, Energy-Efficient Public Buildings (LEED Certification or blanket college policy as examples) and the total Commissioning fee is less than \$50,000, then SCO would not assist in the fee negotiation, preparation or release of the Commissioning contract.

If there is no requirement for SCO Oversight for the project, or if the Commissioning services are voluntary in nature (as in Not Required) and the total Commissioning fee is less than \$50,000 as noted above, then the Community College would be responsible for the preparation and release of the Commissioning contract.

Commissioning services are required to be performed as 3rd. Party services, so for SCO Oversight projects Commissioning services will not be added to the Designer's contract as their consultant.

NOTE: For Community Colleges that have Increased Construction Delegation Authority (\$2M/\$4M) for which there is no SCO Oversight for the project, then SCO would not assist in the Commissioning portion of the project in the same way that SCO does not participate in any other portion of a Construction Delegation Authority project.

Base Bid and Bid Alternates

There are usually two parts to a bid, a base bid and alternate bids. In simple terms, the base bid is the amount the contractor requires to perform his or her portion of the work to produce a functional facility. An alternate bid is a bid for some additional part of the facility that could be left out of the project if funds were not available. Some examples of typical alternates might be paving parking lots, additional sidewalks, terrazzo in lieu of vinyl floor tiles, or lighting upgrades. Since there is a great deal of uncertainty as whether the funds budgeted for the actual construction, construction funds available (CFA), will be sufficient to construct the facility, the bid documents should request that the contractor(s) furnish a base bid with **add** alternate bids. Alternate bids are used as a means of budget control when the bids are opened. It is recommended that the project be designed so that the estimated base bid scope be established at ninety percent (90%) of the CFA. Then there should be "add alternate bids" for an additional twenty percent (20%) of the CFA which would bring the project up to one hundred ten percent (110%) of the CFA. The CFA does not include funds for the design fee or contingency funds.

If the low bid(s) are over the CFA for the project and additional funds are not available, then the owner is advised not to negotiate if the overrun is more than fifteen percent (15%) of the CFA.

Bid alternates are line-item components of the project that are set aside on the proposal form for separate bids or pricing to give the owner some control and flexibility over how his budgeted funds can best be used to adjust the scope or meet the budget limits. The owner/designer shall make reasonable value judgments in determining alternate scope of work. An alternate may be used to upgrade materials or add additional features to the project should the budget permit. Alternates must meet the competitive bidding requirements of **G.S. 133-3. Specifications to carry competitive items; substitution of materials.**

Owner Preferred Alternates as addressed in **G.S. 133-3. Specifications to carry competitive items; substitution of materials**, “Any alternate approved by the owner shall be approved only where (i) the preferred alternate will provide cost savings, maintain or improve the functioning of any process or system affected by the preferred item or items, or both, and (ii) a justification identifying these criteria is made available in writing to the public. Substitution of materials, items, or equipment of equal or equivalent design shall be submitted to the architect or engineer for approval or disapproval; such approval or disapproval shall be made by the architect or engineer prior to the opening of bids. The purpose of this statute is to mandate and encourage free and open competition on public contracts.”

Step 6: Bidding Methods and Contracting

The state shall award contracts for the construction or repair & renovation of buildings pursuant to one of the following methods:

1. Separate-prime bidding,
2. Single-prime bidding,
3. Dual bidding,
4. Construction management at risk contracts pursuant to [G.S. 143-128.1 Construction management at risk contracts](#),
5. Design-build contracts pursuant to [G.S. 143-128.1A Design-Build contracts](#),
6. Design-build bridging contracts pursuant to [G.S. 143-128.1B Design-build bridging contracts](#),
7. Public-private partnership construction contracts pursuant to [G.S. 143-128.1C. Public-private partnership construction contracts](#),
8. Alternative contracting methods authorized pursuant to [G.S. 143-135.26\(9\)](#).

A college can choose to bid a project using any one of these methods. It is required per **G.S. 143-128. Requirements for certain building contracts** (G.S. 143-128) that separate specifications are prepared for the general, plumbing, mechanical, and electrical work. However, a college is permitted to further subdivide the project work into smaller branches or subdivisions, each with their own set of specifications. A contractor who submits a bid directly to a college is considered a prime contractor, while a contractor who submits a bid to a prime contractor is considered a subcontractor.

Public entities, including community colleges, **per G.S. 143-128. Requirements for certain building contracts** (G.S. 143-128(a)(2)) are to report annually to the Secretary of the Department of Administration on the effectiveness and cost-benefit of the utilization of each of these construction methods on their projects. The colleges will meet this reporting requirement as they complete the "HUBSCO" report on-line. More information on HUBSCO reporting can be found in the section entitled "Information Pertaining to Minority Businesses."

Separate-Prime Bidding and Contracting (also called Multiple-Prime Bidding) - The separate-prime contractor bid and contracts, often referred to as multiple prime contracts, has been the basic public bidding process used in North Carolina for many years. In this process, the project work is usually separated into general, plumbing, mechanical, and electrical work, but may include other branches of work if the college wants to bid them separately. Bids are then requested separately from each prime contractor. Under the separate-prime system the college will be a party to each of the separate construction contracts and then must work with and individually pay the multiple contractors. Under this system one contractor (usually the general contractor) is designated as the project expeditor, even though this contractor has no contractual arrangement with or over the other prime contractors. The project expeditor, with input from the other contractors, establishes the construction schedule that sequences the work of all the other prime contractors.

Single-Prime Bidding and Contracting - The single-prime bid and contract with the Owner is permitted for any construction contracts of any dollar amount. This bidding method is one in which the project work is **not** separated and bid by trades; instead, one contractor, usually a general contractor, solicits bids from the other necessary trades (usually plumbing, mechanical, and electrical) and combines them into their own single-prime contractor bid. Under this single-prime bid and contract, the college will have only one construction contract and one contractor with whom they must work and pay. In this system, the bids tend to be higher because the single-prime contractor normally adds his/her overhead and profit to the costs of his/her subcontractors.

Dual Bidding - Dual bidding is a combination bidding of both separate-prime and single-prime bidding that permits both single prime and separate prime bids to be received together on one project and permits the owner to contract with the lowest separate prime bids, **OR** the lowest single prime bid. In this method, separate-prime bids will be received, **but not opened**, one hour prior to the deadline for receiving the single-prime bids. When the single-prime bids are received on the second hour, all of the bids will then be opened if the required number of bids has been received. Under this bidding method, if a contractor bidding as a separate prime contractor is also asked by a single-prime general contractor to provide a bid as a subcontractor, the separate prime contractor must submit the same or lower bid amount to the single-prime general contractor as they submitted directly to the college in the separate-prime bidding method. By using the dual bidding method, the college is able to compare the costs of both bidding methods. At that point the college is permitted to select between **either** the lowest group of prime bidders in the separate-prime system, **or** the single lowest bidder in the single-prime system, regardless of which method had the lowest overall bid. In determining the method under which the contract will be awarded, the college can consider other factors including the cost of construction oversight by the college. More information: SCO Manual, page 68 - The lowest bid overall does not have to be accepted but, awarding to others other than the low bidder should have reasonable justification.

CM Construction Method – Governmental entities can use the CM Construction Method as long as they comply with the statutes and submit a report to the Secretary of Administration per requirements listed in [G.S. 143-133.1](#). The governmental entity “shall submit the report required by this section no later than 12 months from the date the governmental entity takes beneficial occupancy of the project.”

Construction Manager at Risk (CM@Risk) – The CM@Risk method of contracting provides construction management services for a project through the preconstruction and construction phases and must be a licensed general contractor. This method should not be considered unless the funding is \$20M+. Construction management at risk services may be used by the community college only after the community college has concluded that construction management at risk services is in the best interest of the project, and the public entity has compared the advantages and disadvantages of using the construction management at risk method for a given project in lieu of the delivery methods identified in [G.S. 143-128\(a1\)\(1\) through G.S. 143-128\(a1\)\(3\)](#). Note: Certain unforeseen conditions or owner-directed scope can arise that can typically entitled a change order that would increase the GMP and provides added fee. The CM@Risk is selected on a qualification-based solicitation typically at the beginning of the design process and may perform the same pre-bid design services as the construction manager – up until bidding. The SCO will negotiate a fee for pre-bid services by the CM@Risk and prepare a contract between the CM@Risk and the college. As the designer develops the plans, the CM@Risk will review the plans and provide constructability advice and cost estimating to the owner. Upon completion of the design, the CM@Risk will provide the college with a “Guaranteed Maximum Price” (GMP) for which the CM@Risk will “construct” the project. At this point, no bids have been taken and the CM@Risk is guaranteeing the construction price (hence the term “at risk”). The CM@Risk will basically act like a single-prime contractor and subcontract for the construction of the project. In actuality, the CM@Risk is not permitted to self-perform any of the construction work, except under certain extenuating circumstances. The college can accept, negotiate, or reject the GMP. If the college rejects the GMP, the college will then have to amend the owner-designer contract to pay the designer to make any necessary changes. Further information: [SCO Construction Manager at Risk \(CMR\) Documents and forms](#) / [SCO Manual, page 68, Construction Manager at Risk and as Agent](#).

If the college agrees on an acceptable GMP,

- The SCO will prepare a contract using this GMP. The GMP in the contract will not change except through change orders approved by SCO.
- The next step will be for the CM@Risk to pre-qualify bidders and solicit bids for the project through the public bidding process.
- The CM@Risk will be responsible for preparing the bid forms and bid packages.
- The CM@Risk and the first tier subcontractors must make good faith efforts pursuant to **G.S. 143-128.2. Minority business participation goals** to recruit and select minority contractors.
- The CM@Risk may break the work down into smaller subdivisions which may increase the chances of small and minority contractors in obtaining the work.

The college will only have one construction contract and that is with the CM@Risk. The other contracts will be between the CM@Risk and the first-tier contractors. The CM@Risk will closely manage the subcontractors and the construction of the project, which may reduce the workload of the capital projects coordinator (CPC). When the fee for the pre-bid services of the CM@Risk is added to the GMP, the overall cost of the project will usually be higher than if the project was bid as a

CM Construction Method – Governmental entities can use the CM Construction Method as long as they comply with the statutes and submit a report to the Secretary of Administration per requirements listed in [G.S. 143-133.1](#). The governmental entity “shall submit the report required by this section no later than 12 months from the date the governmental entity takes beneficial occupancy of the project.”

Alternative Contracting Methods - To authorize a state agency, a local governmental unit, or any other entity subject to the provisions of [G.S. 143-129 Procedures for letting of public contracts](#) to use a method of contracting not authorized under [G.S. 143-128\(a1\) Public Contracts](#) the college must submit a written request to the Director of SCO to present to the State Building Commission (SBC) for consideration [SCO Manual, page 69, Section 604.5 Alternative Contracting Methods.](#)

Other contracting methods may only be used with **prior approval** of the State Building Commission (SBC) on a case-by-case basis pursuant to [G.S. 143-135.26\(9\) Powers and duties of the Commission](#) .

Design-Build – (Defined) is known as a design/construct and a single-source responsibility. Provides an appropriately licensed person, corporation, or entity that, under a single contract, offers to provide or provides design and construction services, which includes general, mechanical, electrical, plumbing and/or sprinkler contracting services where services within the scope of the practice of professional engineering or architecture are performed respectively by a licensed engineer or licensed architect and where services within the scope of the practice of contracting are performed by a licensed general, mechanical, electrical, plumbing, and/or sprinkler contractor. The college must request SCO/SBC approval prior to moving forward with this type of contracting method.

Step 7: Prequalification of Bidders

G.S. 143-135.8. Prequalification allows the designer or owner to pre-qualify bidders prior to issuing bid documents for any public construction project regardless of the contracting method. However, **G.S. 143-128.1. Construction management at risk contracts.** states that the Construction Manager at Risk (CM@Risk) contracting method... "shall pre-qualify and accept bids from first-tier subcontractors for all construction work under this section." The prequalification criteria shall be determined by the public entity and the construction manager at risk to address

1. Quality,
2. Performance,
3. The time specified in the bids for performance of the contract,
4. The cost of construction oversight,
5. Time for completion,
6. Capacity to perform, and
7. Other factors deemed appropriate by the public entity."

Prequalification is required when using the CM@Risk method of contracting and can also be used in the other contracting methods.

If the college and designer choose to pre-qualify bidders, they should solicit letters of interest from bidders by notifying the major plan rooms and the minority plan rooms ([SCO manual, Section 603.5\(a\), Plan Rooms](#) those targeting minority businesses) and place advertisements in a newspaper having general statewide circulation and, on the North Carolina, Electronic Vendor Portal ([eVP](#)) website. A list of the minority plan rooms can be found in the SCO's manual. The "Advertisement for Bids," as found in the SCO's [State Construction Manual](#) should be modified to let bidders know that the college is seeking letters of interest and not seeking bids at this time. The advertisement should include such information as:

- the scope of work,
- a reasonable set of qualifications that the college is seeking that are specific to the project's size, complexity, type of construction.
- the bidder's business history and financial statement or the AIA's "Contractor Qualification Form."

From the letters of interest, the college and designer will decide which prime bidders meet the qualifications and those pre-qualified prime bidders will then be listed in the advertisement for bids so the subcontractors will know which prime bidders are eligible to submit a bid for the project.

Step 8: Advertising for Bids

With the final approval of the plans and specifications by the SCO, the designer will coordinate a bid date with the college's capital projects coordinator and the SCO.

As per [G.S. 143-129 Procedure for letting of public contracts](#) (G.S. 143-129(b)), contracts let by a board or governing body, the designer shall advertise for bids in a newspaper for **one day** in a newspaper having general statewide circulation, or by electronic means, or both. NOTE: Payment for this bid advertisement is the responsibility of the college.

There is a requirement in the "Guidelines for Recruitment and Selection of Minority Businesses for Participation in State Construction Contracts" that the SCO furnish bidding information to the Office for Historically Underutilized Businesses **21 days** prior to the bid opening.

Because of this requirement, it is recommended that the **date for opening** the bids be **four to six weeks** after the advertisement has appeared in the paper. The advertisement will be the short form, entitled "**Advertisement for Bids**", as found on the SCO's website. The very lengthy "Notice to Bidders" **should not be used for the advertisement**. However, the designer/college should use this information to also publish the bid opening date on the North Carolina Electronic Vendor Portal ([eVP](#)) website (See Contacts and Websites Section). The designer will also furnish plans to the major plan rooms and the minority plan rooms (those targeting minority businesses) in proximity to the project location. A list of the minority plan rooms can be found in the SCO's manual.

In a case where the dual bidding method is used, the advertisement should state that the multi-prime bids will be received at 2:00 p.m. and the single-prime bids will be received at 3:00 p.m. If the required number of bids has been received, they will all be opened at 3:00 p.m.

If a pre-bid conference is scheduled, the pertinent data for this conference should also be included in the advertisement.

Base Bids and Alternate Bids – There are usually two parts to a bid, a base bid and alternate bids. In simple terms, the base bid is the amount the contractor requires to perform his or her portion of the work to produce a functional facility. An alternate bid is a bid for some additional part of the facility that could be left out of the project if funds were not available. Some examples of typical alternates might be paving parking lots, additional sidewalks, terrazzo in lieu of vinyl floor tiles, lighting upgrades, etc. Since there is a great deal of uncertainty as to whether the funds budgeted for the actual construction, construction funds available (CFA), will be sufficient to construct the facility, the bid documents should request that the contractor(s) furnish a base bid with add alternate bids. Alternate bids are used as a means of budget control when the bids are opened. It is recommended that the project be designed so that the estimated base bid would be for 90 percent of the **CFA**.

Then alternate bids should be added for an additional 20 percent of the CFA which would bring the project up to 110 percent of the CFA. The CFA does not include funds for the design fee or contingency funds.

Example: The CFA is \$1,000,000, if the low base bids came in at the estimate of \$900,000 (90 percent of the CFA), the college could then accept \$100,000 (10 percent of the CFA) in add alternates. If the base bids came in high at \$1,000,000 (100 percent of the CFA or 10 percent of the CFA over the estimate), the college could accept no add alternates.

Finally, if the base bids came in low at \$800,000 (80 percent of the CFA), the college could then accept \$200,000 in add alternates (20 percent of the CFA).

There should be no additional design fee for alternates used as a means of budget control.

The order in which alternate bids will be accepted should **not** be specified in the bid documents. Instead, after bids are opened the college should make this decision and select alternates based on how much of the CFA remains for alternate bids.

To encourage free and open competition, [G.S. 133-3. Specifications to carry competitive items; substitution of materials.](#) (G.S. 133-3), stipulates that materials to be used in the project must be specified based on performance and design characteristics. However, if there is a situation where the college can meet the following stringent criteria to justify a specific product, the college may be allowed to take bids on a “preferred alternate.” The Board Of Trustees (BOT) of the college, **in an open meeting**, must approve the use of a preferred alternate, and the use, as per [G.S. 133-3](#)...shall be approved only where (i) the preferred alternate will provide cost savings, maintain or improve the functioning of any process or system affected by the preferred item or items, or both, and (ii) a justification identifying these criteria is made available in writing to the public.”

If the alternate meets these criteria and the trustees approve the preferred alternate, the designer will include the normal performance specification in the base bid and then seek prices for a “preferred alternate.” The “open meeting” could be held as part of a *pre-bid* conference.

Notice to Bidders – In addition to the newspaper advertisement, full information on the details and requirements of bidding the project shall be provided in a Notice to Bidders. The SCO format contains the appropriate language and the items to be edited for the project by the designer. Considerations for editing are:

- Identify the “Owner” as The Trustees of... (filling in the name of the institution) Community College
- Identify the specific physical location where bids will be received, building name, floor, room name, room name, room number, etc. Ensure adequate space is available for parking. The bid opening must be held in a “public place” meaning publicly owned facility and not a private facility or office. There must be a “physical address” for use by the delivery services or postal service...**NO P.O. BOX.**
- The American Institute of Architects (AIA)/Associated General Contractors of America (AGC) Joint Cooperative committee recommendation for bid opening is Tuesdays – Thursdays with bids opening at 3:00 p.m. Dual bidding is required to be separated by one (1) hour.
- Identify the project contract type; single prime, separate prime, dual, etc. [Section 604 Formal Bidding Methods and Contracting](#)
- The **preferred alternates** open meeting may be held in conjunction with the project pre-bid meeting and a notice to the bidder’s format is available on the SCO website that can be used for both meetings. ([State Construction Forms & Documents](#))
(As defined in [G.S. 133-3](#)) Specifications may list one or more preferred brands as an alternate to the base bid in limited circumstances. Specifications containing a preferred brand alternate under this section must identify the performance standards that support the preference. Performance standards for the preference must be approved in advance by the owner in an open meeting. Any alternate approved by the owner shall be approved only where (i) the preferred alternate will provide cost savings, maintain or improve the functioning of any process or system affected by the preferred item or items, or both, and (ii) a justification identifying these criteria is made available in writing to the public.)
- A deposit is required from prime bidders for sets of bid documents. The deposit amount shall be limited to the cost of reproduction, handling, and delivery.

IMPORTANT NOTE – DO NOT REQUIRE that additional information be attached to the bid proposal except for the proposal form, the bid security and MBE forms. Do not ask for copies of a warranty, vendor names, products, manufacturer certifications, etc. as it can cause unnecessary protests and dollars if the low bidder fails to include additional material.

Recruitment and Selection of Minority Businesses –

As per ([G.S. 143-128.2 Minority business participation goals](#)) the State has a ten percent (10%) goal for participation by minority businesses in the total value of work for each State building project. The State Board of Community Colleges, supports that goal and at its June 15, 2001 meeting, adopted a resolution expressing the State Board's intent for each college to attain the State's 10 percent goal [Guidelines For Recruitment and Selection of Minority Businesses For Participation In State Construction Contracts.](#)

In this statute the term "minority business" includes businesses in which 51% of the business is owned by and the management and daily business operations are controlled by one or more "minority" persons, or socially and economically disadvantaged individuals. Minority persons include people who are Black, Hispanic, Asian American, American Indian, **or female**. Minority Businesses are also frequently referred to as Historically Underutilized Businesses or HUBs.

The college and the contractors, as per [G.S. 143-128.2 Minority business participation goals](#), (G.S. 143-128.2(e) and G.S. 143-128.2(f)), respectively, are required to make specific good faith efforts to recruit minority business (MB) participation. These good faith efforts can be found either in these statutes or in the "[Guidelines for Recruitment Selection of Minority Businesses for Participation in State Construction Contracts](#)" (Guidelines). These Guidelines were established by the SCO and are applicable for building projects costing \$500,000 or more. The Guidelines also list the responsibilities of the designers in this process.

The SCO also has developed forms entitled "Identification of Minority Business Participation," "Affidavit A" (Listing of Good Faith Efforts), "Affidavit B" (Intent to Perform Contract with Own Workforce), "Affidavit C" (Portion of the Work to be Performed by Minority Firms), "Affidavit D" (Good Faith Efforts), and "Appendix E" (MBE Documentation for Contract Payments)." You can access these forms at [Minority Business Participation Form\(s\)](#).

All bidders must submit with their bid the form "Identification of Minority Business Participation," and **either** Affidavit A, **or** Affidavit B. **See the link above.**

After the apparent lowest responsible, responsive bidder is officially notified of being the low bidder, they must submit Affidavit C, **or** Affidavit D within 72 hours. Appendix E is to be submitted with each application for payment.

Failure on the contractor's part to complete these compliance forms, or to attempt to attain the 10% goal, are grounds for rejection of that contractor's bid.

These guidelines and forms will be furnished to the designer by the college and must be printed in the specifications of all applicable construction projects. The college's capital projects coordinator, and their designer have many responsibilities in regard to recruitment of MBs and must familiarize themselves with these Guidelines, forms, and G.S.. HUB website to [Submit Solicitation Opportunities to HUB](#).

Per [G.S. 143-128.2 Minority business participation goals](#) (G.S. 143-128.2(e)), each community college shall: **“Before awarding a contract ... develop and implement a minority business participation outreach plan to identify minority businesses that can perform public building projects and to implement outreach efforts to encourage minority business participation in these projects to include education, recruitment, and interaction between minority businesses and non-minority businesses.”** Prior to the enactment of this law the State Board, in June 2001, required each college to develop and submit a plan for the attainment of the minority participation goals in the bidding and awarding of construction contracts and subcontracts, and the procurement of goods and services.

If your college plan, often referred to as a “College HUB Plan,” does not address the specific requirements listed in **§ 143-128.2. Minority business participation goals.** (G.S. 143-128.2(e), your college will need to revise its HUB plan to ensure compliance.

The Office for Historically Underutilized Businesses (HUB Office) is an agency within the Department of Administration. [NC DOA - HUB website](#). The G.S. dealing with construction addresses the requirement for colleges and other entities to make reports to the Secretary of Administration on matters pertaining to minority businesses. The terms historically underutilized businesses, minority businesses, and minority business enterprises are often used interchangeably. The HUB Office and the SCO have worked together to develop electronic reporting within the SCO Interscope System. Colleges must use the SCO Interscope System for reporting all HUB activity in a capital project equal to or greater than \$30,000 regardless of funding. While HUB reporting is pulled on the 10th of every month for current and final capital projects by the HUB office, the required reporting is calculated when the checkbox in the SCO Interscope System, labeled “HUB Data is FINAL as of XX/XX/XXXX and has been checked and date entered by the college. The college is encouraged to enter data on a regular basis and as documents contracts/agreements are executed and invoices are received. Information on how to request a user logon from the Interscope System can be found by clicking on this link [“NC DOA - Interscope - Logon to the Interscope System,”](#) Select “Log on to the Interscope System,” click on applicable form, fill-out form and follow directions on form to send to Interscope@doa.nc.gov.

Bid Bond or Bid Deposit – Bidding & Contract Forms can be located by clicking on this link [State Construction Forms & Documents](#). Pursuant to [G.S. 143-129](#)(G. S. 143-129(b)), “No proposal for construction or repair work may be considered or accepted by said board or governing body unless at the time of its filing the same shall be accompanied by a deposit with said board or governing body of cash, or a cashier’s check, or a certified check on some bank or trust company insured by the Federal Deposit Insurance Corporation in an amount equal to not less than five percent (5%) of the proposal. In lieu of making the cash deposit as above provided, such a bidder may file a bid bond executed by a corporate surety licensed under the laws of North Carolina to execute such bonds, conditioned that the surety will upon demand forthwith make payment to the obligee upon said bond if the bidder fails to execute the contract in accordance with the bid bond. This deposit shall be retained if the successful bidder fails to execute the contract within 10 days after the award or fails to give satisfactory surety as required herein.”

Each bid submitted must have a separate original bid bond or bid deposit. One bid bond or bid deposit cannot be used for two bids. For example, a multiple-prime general contract bid, and a single-prime general contract bid will require two bid bonds or bid deposits and likewise, a mechanical bid and a plumbing bid will require two bid bonds or bid deposits. Because of this, the designer should consider separate forms of proposal for multiple-prime and single-prime bidders.

Pre-Bid Conference – Prior to the bid opening, it is **recommended** that the designer invite all prospective bidders to a pre-bid conference to be held at the college. The purpose of this optional pre-bid conference is to clarify any questions that bidders may have concerning the bid documents or the requirements for the recruitment of minority businesses, and to familiarize the bidders with the site and the place where bids are to be received. This should help eliminate late or erroneous bids at the bid opening.

The owner or designer can stipulate that attendance by the contractor at the pre-bid conference is mandatory to be permitted to submit a bid (this is not a standard practice). This requirement and consequences should be addressed in the Notice to Bidders. An attendance record must be maintained of the pre-bid conference attendees.

Addenda – If any changes need to be made to the plans or specifications after they have been distributed, the designer will issue an addendum. Addenda will be distributed to the SCO, plan rooms, and to bidders who have received copies of the plans. No addenda affecting the plans or specifications shall be issued later than seven (7) days prior to the date established for the opening of bids.

The only exception to this seven-day rule will be when it becomes necessary to postpone a bid opening date for one or more days. In this event, all plan rooms and bidders will be notified by an addendum that changes only the bid opening date. If an addendum is issued that does not comply with the above, the bid opening must be postponed and rescheduled.

Contractors Disqualified from Bidding – Community college construction projects, like other projects under the auspices of the State Building Commission, are included in the Commission’s designer and contractor performance evaluation program. A part of this program establishes a list at the SCO of contractors who are in a pre-bid disqualification status. Prior to the bid opening, the designer is responsible for obtaining from the SCO a list of those contractors who have been placed in a pre-bid disqualification status and ensure that no bids will be read from a contractor in this status.

Step 9: Receipt and Bid Openings

The short "Advertisement for Bidders," which is published in the newspaper, and the "Notice to Bidders," which is in the project specifications, will list the college's mailing address, and the building and room number **at the college** where the bid openings will be conducted. This room should have adequate space and seating to manage the anticipated crowd. The designer will furnish bid tabulation forms for bidders and observers to record the bids; thus, it would be helpful if there were tables or desks for everyone. (Lecture rooms, classrooms, or large board rooms are often used for bid openings). The designer will need adequate space for him/her and his/her assistants to stack, open, read, and re-stack the bids. The designer and a colleague of the designer, along with the college's Capital projects coordinator (CPC) will assist in the bid opening.

Since bids may be mailed to the college, college staff should be warned not to open envelopes or packages identified as bids. Additionally, the CPC, shortly before the bid opening, should check the mail or the college's mail distribution center for bids. At the designated hour, a college representative welcomes everybody, introduces special guests, and turns the meeting over to the designer who will conduct the bid opening. If the estimated total construction cost is \$500,000 or more, **you must have** at least three competitive bids to open the bids. The SCO has a document entitled "Guidelines for Opening of Public Construction Bids" that can be located on their website at [Bidding & Contract, select "Bid Opening Guidelines."](#) These guidelines also include a diagram showing when bids can be opened. The following are brief descriptions of when to open or not open bids. The SCO's guidelines provide additional examples as to what constitutes three bids.

For the separate-prime bidding method, you must have at least three "**complete**" bids in each type of construction branch trade to open the bids in that branch of work (trade). For example, if you have at least three (general,) three plumbing, and three mechanical, bids, but less than three electrical bids, you could open all bids except the electrical bids. Then you would have to re-advertise the electrical work.

For the single-prime bidding method, you must have at least three single prime bids to open the bids. For the dual bidding method, the separate-prime bids will be received **and not opened** at 2:00 p.m. and the single-prime bids will be received at 3:00 p.m. In this bidding method, each single-prime bid will constitute a bid in each of the branches of work (trades) being bid; and conversely, each **full** set of multi-prime bids shall constitute a single-prime bid. With this latitude, if there is any combination of single-prime and separate-prime bids that will constitute at least three **complete** bids, you only can open those complete bids. If there are at least three single-prime bids and not a complete set of separate-prime bids you can either open **only** the single-prime bids and **not** the separate-prime bids, or you can decide not to open any bids and to re-advertise for all of the trades.

If at the designated time for the bid opening the college determines they need to re-advertise some portion of the work, the designer will return the unopened bids to the affected bidders that are present and contact those that are not present to determine how to return their bids. The designer will re-advertise using those same methods of

advertising as previously described. A minimum of seven days must elapse from the date of the re-advertisement before the bids may be opened. On a second bid, there is no minimum number of bids required to open bids.

A bidder may withdraw or change their bid prior to any bids being opened. Once any bid is opened, no bids may be withdrawn or changed except as permitted by [G.S. 143-129.1 Withdrawal of bid](#). (G.S. 143-129.1).

Bids will normally be opened and read by the designer and passed to the assistant or CPC for review. After the bids have been read, the designer and the college representatives will usually total the bids, discuss the outcome of the bid, and review the next steps.

The owner needs to inform the designer as to which alternates to accept or, if project funds are insufficient, what features could be eliminated through negotiations.

Withdrawal of Bid – In the “Notice to Bidders,” which is part of the plans and specifications for the project, there is a place for the designer to specify a number of days after the bid opening in which no bidder may withdraw their bid. Normally, the number of days specified is 30 days, but longer periods may be specified. Bidders are usually reluctant to hold bids for longer periods, especially if the price of materials is unstable. If a bidder withdraws a bid before that specified number of days, they will forfeit their five percent bid security unless the provisions of [G.S. Withdrawal of bid](#). (G.S. 143-129.1) are met. This statute permits the college to allow a bidder to withdraw his or her bid without forfeiture of their five percent bid security if the bid price was based on a substantial mistake. The bidder must submit his request for withdrawal within 72 hours of the bid opening and show evidence that the mistake was based on a clerical error rather than a judgmental error.

Projects Over the Budget – If the bids exceed the construction funds budgeted, the designer is permitted, as per [G.S. 143-129 Procedures for letting of public contracts](#) (G.S. 143-129(b)), to make reasonable changes to the plans and negotiate only with the lowest responsible bidder. A deputy Attorney General interpreted this statute to mean that the college could not accept an add alternate bid(s) if they needed to negotiate with the lowest bidder. During negotiations, the designer cannot pit one bidder against another. In the separate-prime contracting method, the negotiations will only be with the lowest bidder in each trade. In the single-prime contracting method, the negotiations will only be with the lowest single-prime bidder. In the dual bidding method, the designer will first determine which bidding method provided the overall lowest bid. Then the designer will only negotiate with the lowest bidders (separate-prime method) or bidder (single-prime method) bidding that method. To be fair to the other bidders, negotiations should not exceed 10 to 15 percent of the bid without rebidding that trade or the project. All negotiations must be approved by the SCO before the college’s BOT makes an award.

If the college has additional funds that can be added to the project, they can do so as long as a contingency fund of between two and three percent of the construction cost is

still set aside. Before the college adds additional funds to the project they should determine if the cost overrun is the result of a change in the project scope or an underestimation of the cost by the designer. If the college has not changed the scope, the designer should not request additional compensation for the negotiations. To ensure that additional compensation is not granted, the college should notify the SCO to amend the owner-designer contract to reflect the increase to the project budget with no increase to the design fee. It would be best if the contract could be amended prior to adding the additional funds to the project.

Sometimes a combination of both negotiations and additional funds will allow the awarding of contracts. If these options fail, then the designer, according to the owner-designer contract, must redesign the project within the funds available at no additional cost to the college. If redesigning the project is necessary, then the SCO must approve the revised plans prior to re-bidding the project.

Step 10: Award of Contract

The construction bids are normally valid for only thirty days after the bid opening; therefore, the designer, the college staff, and the trustees need to act quickly to meet this timeframe. If additional time is required to make the award, the designer should request an extension of time from the contractor(s). The contractors are not obligated to grant an extension and may choose to let their bids expire at the end of the initial time-period.

If unit prices are included in the bid proposal, it is very important to consider them prior to awarding the contract.

If it is obvious that the BOT has sufficient funds to be able to approve the award of contract(s), the designer should officially notify the apparent low bidder(s) and have them furnish to the designer, as stated in SCO "Proposal Form 2006 (Revised 10/2013)Form of Proposal,

"MINORITY BUSINESS PARTICIPATION REQUIREMENTS

Provide with the bid - Under GS 143-128.2(c) the undersigned bidder shall identify on its bid (Identification of Minority Business Participation Form) the minority businesses that it will use on the project with the total dollar value of the bids that will be performed by the minority businesses. Also list the good faith efforts (Affidavit A) made to solicit minority participation in the bid effort.

Note: A contractor that performs all of the work with its own workforce may submit an Affidavit (B) to that effect in lieu of Affidavit (A) required above. The MB Participation Form must still be submitted even if there is zero participation.

After the bid opening - The Owner will consider all bids and alternates and determine the lowest responsible, responsive bidder. Upon notification of being the apparent low bidder, the bidder shall then file within 72 hours of the notification of being the apparent lowest bidder, the following:

An Affidavit (C) that includes a description of the portion of work to be executed by minority businesses, expressed as a percentage of the total contract price, which is equal to or more than the 10% goal established. This affidavit shall give rise to the presumption that the bidder has made the required good faith effort and Affidavit D is not necessary.

** Or **

If less than the 10% goal, Affidavit (D) of its good faith effort to meet the goal shall be provided. The document must include evidence of all good faith efforts that were implemented, including any advertisements, solicitations and other specific actions demonstrating recruitment and selection of minority businesses for participation in the contract."

The college's BOT, in formal session, should approve the awarding of the contract(s) as recommended by the designer and the president of the college. This action will be pending the concurrence of the SCO who, as per [G.S. 143-341 Powers and duties of Department](#) (G.S.143-341(3)(c), has the authority to supervise the letting of these contracts. To prevent any delay in awarding the contracts, the president might want to consider adjusting the trustees' meeting schedule for the purposes of approving the

bids. If not, a called meeting may be required. An award letter requesting concurrence with the trustee's approval should be sent to the SCO along with the bidder's Minority Business Participation Affidavit C or D, a copy of the bidder's bid proposal, certified bid tabulation, and a bid summary sheet. The SCO will not concur with your board's award of contract(s) until they have received and approved this information.

The SCO will review the college's award letter, the accompanying bid information, and the contractor's minority business documentation. If state funds are used in the project, the SCO will also verify the availability of these funds from the Office of State Budget and Management. If everything is in order, the SCO will send the college an award letter authorizing them to proceed with issuing the contracts to the low bidder(s). If there is a problem with the documents, the SCO will notify the college, and the designer will need to quickly resolve the problem.

Performance and Payment Bonds - A **performance bond** is an insurance contract provided by a surety guaranteeing that the contractor will satisfactorily perform the obligations of his or her contract or the surety will take over the job and be responsible for completing the work.

A **payment bond** is an insurance contract provided by a surety guaranteeing that the subcontractors and/or material suppliers will be paid for providing their services or goods.

For formal projects, [G.S. 143-129 Procedure for letting of public contracts](#) (G.S. 143-129(c) **requires** the following:

- Contractor(s) to furnish performance and payment bonds as required, **or** a deposit of money for the full amount of their contract(s).
- [G.S. 44A-26 Bonds required](#), (G.S.44A-26) states if the total amount of construction contracts awarded for any one project exceeds \$300,000, a 100% performance bond and 100% payment bond are required of any contractor whose contract portion of the total project exceeds \$50,000.

It should be noted that this law does **not** prevent colleges from requiring these bonds on informal projects under \$500,000 or where a contractor's contract is \$50,000 or less. For the college's protection with smaller contracts or informal projects, where the bonds or deposits of money are not required, you are encouraged to require the bonds or to obtain a deposit of money for the full amount of the contract. A third possibility for informal projects is, **as a condition written into the contract**, for the college to withhold payment to the contractor until the project is complete to the college's satisfaction and the college has proof that all subcontractors and material suppliers have been paid. Please note that if the college elects to accept the deposit of money for formal or informal projects, the college assumes all the liabilities of a surety and **could be liable** for payments not made to subcontractors and material suppliers.

Step 11: Construction Contracts

Upon receipt of the SCO award letter, the designer should prepare the construction contracts using the standard SCO's contract form. The contracts shall be between the trustees of the college and the contractor(s). Neither the State of North Carolina nor the NCCCS will be a party to the contract. NCCCS does not need a copy of the executed contracts or amendments since the community college is required to enter and upload all contracts to the Interscope System for all projects equal to or greater than \$30,000. If SCO has over-sight of the community college project, SCO staff will enter and upload the design and construction contracts. SCO prefers the hard copies with "wet signatures" on paper for a master copy but will accept a PDF of a copy from the college of a signed design contract or amendment as a master copy.

The designer will first issue the unsigned contracts to the contractor(s) for their signature. Issuing the contract(s) to the contractor(s) within 30 days (or within the time-period specified in the "Notice to Bidders") will hold the contractor's bid price. The contractors will have to obtain the required insurance and performance and payment bonds from their surety prior to signing the contracts. Once the contractor(s) has the paperwork in order (about 7-14 days), the contractor(s) will sign the contracts and return all sets to the designer. The designer will review the contracts to make certain that everything is in order and then send the contracts to the college for signature.

Based on the bids received and subsequent award, if there is a requirement to identify additional funds to support the award of construction contracts, a revised NCCCS 3-1 must be submitted to NCCCS Office. The college must not sign the construction contracts until written notification has been received granting final approval by the Associate Vice President for College Accounting or the Executive Vice President, Chief Financial Officer. If the original funding identified on the NCCCS 3-1 and approved by the State Board supports the award of construction contracts, no additional submissions or approvals are required.

The BOT may want their college attorney to review the contracts before they are signed. After the college's board approves the contracts, they may be signed by the board chairperson or, if authorized, the college president. Once the contracts are signed, all sets will then be forwarded to the SCO for review. The SCO will also have the Attorney General's Office check the authenticity of the documents and the Office of State Budget to certify the availability of state funds if they are shown in the award letter.

Upon approval of these three agencies, the SCO will keep one set, upload a set to the SCO Interscope System under the specific project and return the remainder to the college for distribution to the contractor and designer. At this time the SCO will assign the project to a SCO project monitor.

The designer will notify all contractors, in writing, of the date of the pre-construction conference and the official starting date. Construction should not begin prior to the receipt of approved and executed contracts and a pre-construction conference being held. Contractors who begin work prior to receiving an executed contract will be doing so at their own risk.

Pre-Construction Conference – Prior to the start of construction, a pre-construction conference with the SCO project monitor, college personnel, and the contractors will be held by the designer to review all aspects of the project and to resolve any questions. The date of this conference should be coordinated by the SCO project monitor and the college’s capital projects coordinator. If federal or other funding sources are involved, the college should make certain that these sources are notified of this conference.

Monthly Construction Meetings – The designer is required, **at a minimum**, to make weekly inspections of the construction project and to hold monthly construction meetings with representatives of the college, the contractors, and the SCO project monitor. **The designer’s consulting engineers are also required by the owner-designer contract to provide inspection services with respect to their portions of the design.** The monthly meetings are to discuss and resolve any problems or change orders related to the construction project. Monthly progress reports should be entered into the SCO Interscope System by the designer. If the community college is self-performing (In-house Coordinator) the college will enter progress reports and keep the project up to current status.

Payments to Contractors – A contractor must submit a request for payment to the designer for the **work completed** in the month. The designer will review and approve all requests for payments and forward the approved requests to the college for payment. A retainment of five percent (5%) of the total construction contract will be held by the college.

Article 31 of “The General Conditions to the Contract” says that “after fifty percent (50%) of the contractor’s work has been satisfactorily completed on schedule, with approval of the owner and the SCO and written consent of the surety, further requirements for retainage will be waived only so long as work continues to be completed satisfactorily and on schedule.” Therefore, if these conditions are met, the contractor’s retainage for the remaining payments may be reduced to zero percent (0%) and the net result at the end of the project will be a total retainage of two- and one-half percent (2½ %) being held. The decision to waive the retainage at the fifty percent point will be done on a contractor-by-contractor basis.

If contractors are not paid in accordance with the provisions in the “Instructions to Bidders and General Conditions of the Contract,” the contractors can request interest on payments due and unpaid as addressed in [G.S. 143-134.1 Interest on final payments due to prime contractors; payments to subcontractors.](#) This interest is applicable to both periodic monthly payments as well as the final payment.

Reimbursements (Payments) to Colleges – When state funds (appropriations or bond) are used in a project, the college must request the state funds from the NCCCS Office. The Request for Reimbursement/Schedule of Institutional Fund Vouchers Issued (combines form NCCCS 2-16/2-17), should be sent directly to the Construction Reimbursement Technician responsible for the requests for reimbursements. **Link to the Capital Finance and Planning website: [Reimbursement Requests](#).**

If the request for reimbursement is in order, funds will be electronically transferred to the college's account and a **Notice of Electronic Deposit** will be sent from the Office of the State Controller. **It is very important to note that there are certain weeks or time periods during the year when electronic transfers cannot be made and the college must plan accordingly.** One period is at the end of the fiscal year, from approximately mid-June to mid-July, when NCCCS Office is unable to initiate electronic transfers. Each year, a schedule of weeks in which electronic transfers will be made is posted to the Capital Finance and Planning website. This schedule and sample forms are also available on NCCCS Office website.

Change Orders – When the designer or owner need to make a change to any part of the project, a change order is required. Change orders are written with changes to the contract documents and, when approved, are binding on both parties. Depending on the situation, the change-order may increase, decrease, or make no change to the cost of the project, and the length of time (number of days) to complete the construction may change. The designer, from data furnished by the contractor, is the originator of change order requests and initiates the change order process electronically in **Interscope**. The designer must populate the required fields and attach the supporting documentation for each change order proposals (COP.) Once the change order is created, it is submitted for other project participant's review and approval. The system is configured to send email alerts to the Contractor, Owner, and Project Monitor. Change orders must be entered, submitted and approved in sequence. An alert is sent to all project participants as a notification that the Change Order has been officially approved.

If there is an urgent situation for the change to be made quickly, the SCO's project monitor can approve a field change order. **Construction changes should not be made until the contractor has an approved change order.**

IMPORTANT NOTE: For formal projects, the colleges CPC, nor the college president have the authority to make changes to the construction contract. The SCO is responsible for approving any changes via a change-order process.

Please see the guide regarding the electronic change order process by accessing the Interscope main page and clicking the "Help" drop down and select "Guide" and click open for the Change Order documentation.

Dispute Resolution – If a dispute arises between any of the three parties, (the college, the designer, or a contractor) the issue should first be discussed at the weekly or monthly construction meeting and the designer should try to resolve the issue. If that fails, the next step is to ask the SCO project monitor to mediate the issue. If the dispute cannot be readily resolved, the college's capital projects coordinator should keep the Associate Director of Capital Finance and Planning at NCCCS Office informed of the pending issue. If the claimant is not satisfied he/she should present the claim, as per **G.S. 143-135.3. Adjustment and resolution of State board construction contract claim** (G.S. 143-135.3), to the Director of the SCO, who is empowered under **G.S. 143-135.6. Adjustment and resolution of community college board construction contract claim** (G.S. 143-135.6) to hear community college claims and render a decision. If the claimant is dissatisfied with the Director's decision, he/she may pursue the claim in superior court.

The statute does not provide any recourse for the college if they are unhappy with the Director's decision.

Liquidated Damages, as stated in the contract documents, is an amount reasonably estimated in advance to cover the consequential damages associated with the Owner's economic loss in not being able to use the Project for its intended purposes at the end of the contract's completion date as amended by change order, if any, by reason of failure of the contractor(s) to complete the work within the time specified.

General Conditions [Instructions to Bidders and General Conditions of the contract \(SCO\)](#)
Article 23.b: Liquidated damages, where required, shall be estimated on a per day basis to cover any loss or damages to the Owner should there be delay in completion or occupancy of the project.

Technically, liquidated damages are not considered to be a penalty or a fine but are to be a reasonable estimate of the costs that would be incurred by the college if the project is not completed at the time specified. If a contractor, who assessed liquidated damages, disputed that amount through the dispute resolution process, the college may have to show proof of the costs that were incurred. Some good examples of costs could be renting facilities in which to hold classes, store furnishings or equipment; loss of revenue for canceling courses scheduled in that facility for a semester; etc.

When the time of completion is extended through no fault of the designer, the designer is due additional compensation for extra services rendered during this time extension. Designers must have prior written approval by issuance of an amendment to the Owner/Designer Agreement from the SCO and supported by a request from the college.

Beneficial Occupancy – If it is necessary for a college to occupy the building, or a portion of the building, prior to the final inspection, the college may be allowed to take beneficial occupancy. The typical reason colleges seek to take beneficial occupancy is

that the project will not be complete on time and the college needs to move students, staff or equipment into the building. Beneficial occupancy complicates the project and should not be taken if other arrangements can be made. Before a college may take beneficial occupancy, they must secure written approval from the contractor, his or her surety (bonding company), and the SCO. A beneficial occupancy inspection should be held so that any damage noted at that time will be attributed to the contractor and any damage noted afterwards will be attributed to the college.

Contractor Evaluations – Per **G.S. 143-135.26. Powers and duties of the Commission.** (G.S. 143-135.26(4), the State Building Commission was charged with developing procedures for evaluating the work of designers and contractors on state projects and formal community college projects. The evaluation process is meant to be an ongoing management tool to inspire the contractors to do their best work. If the results of the evaluations are not acceptable, the contractors may be barred from bidding on State and community college work. The capital projects coordinator (CPC) is responsible for completing the contractor evaluation forms which can be found on the SCO Interscope website <http://www.nc-sco.com/>. The evaluation procedures for contractors can be found in the NCAC at [01 NCAC 30F .0302](#) (01 NCAC 30F.0302). The CPC should complete the forms during the construction phase and submit them within 60 days of the final acceptance of the project.

Step 12: Final Inspection

When the construction is nearing completion, the designer will conduct pre-final inspections to point out deficiencies or areas of construction that need further work. The designer will create a list, "punch list," of these deficiencies that need to be completed prior to scheduling a final inspection.

When the designer feels that the items on the punch list are complete and the project is complete according to the plans and specifications, he or she will notify the SCO project monitor to schedule a final inspection. The final inspection will be held with representatives of the design firm, consulting engineers, contractors, college, and the SCO.

Since community college buildings are not "State Buildings," the building must also be inspected by the Authority Having Jurisdiction (AHJ) such as, local building inspector, local electrical inspector, and state elevator inspector (if applicable) before the college can occupy the building. They will provide the college with a Certificate of Occupancy, and an Electrical Inspection Certificate. These inspections are normally held before the SCO conducts their final inspection.

The designer will gather bonds, warranties, extra parts and replacement materials, and operating instructions/manuals from the contractors for the college. The designer will verify with the owner that proper instructions/training have been provided concerning the operation and maintenance of installed equipment and controls.

Once the Final Inspection is finalized by the SCO, SCO will enter the **actual** date of the Final Inspection into the SCO Interscope System under the project package milestone tab and upload the signed document to the SCO Interscope System. If SCO does not have oversight of the community college project, the college will enter the **actual** Final Inspection date in the Interscope System. When the Final Inspection is completed, this will allow the college to request the remaining retainage for the contractor being held by the college. The college shall not release any of the remaining retainage until after the Final Inspection Certification and a Request for Payment have been received.

As an example, if three of the four contractors have completed their work, they should be paid in full, and that part of the fourth contractor's work that is not complete would be noted on the Final Inspection Certification and sufficient funds would be retained until the work is complete. The SCO recommends that two- and one-half times the value of the work remaining be held as an incentive for the contractor to complete the work, or if necessary, for the college to use to pay someone else to complete the unfinished work.

Step 13: Final Report and As-Built Drawings (Record Documents)

Record Documents and the Final Report submittal is the conclusion of a project. In accordance with the NC Agreement between the Owner and Designer ([Article 4-13](#)) and the [NC General Conditions](#) of the contract, the designer is responsible for production of the Record Drawings from as-built material provided by the contractor.

During the construction of the facility, and upon completion of the project, the designer shall correct the original bid/contract plans and specifications to include the As-Built drawings and corrected specifications provided by the contractor at the completion of the work. Change Orders, Addenda, Field Orders, negotiated changes, substitutions, final products list, etc. shall document the project as actually constructed. The CPC should inquire of the designer and contractor during construction if the markings to the original construction drawings reflecting any changes are being made as not to delay the close out of a project. One copy of the final report, and one set of as-built drawings are to be furnished to both the SCO and the college. **These documents should be furnished within 60 days of the final acceptance of the project.**

FINAL PAYMENT TO THE DESIGNER WILL NOT BE MADE UNTIL THE ELECTRONIC RECORD DOCUMENTS AND THE FINAL REPORT HAVE BEEN DELIVERED TO AND APPROVED BY THE OWNER (COMMUNITY COLLEGE) AND THE SCO.

NOTE: The College will receive an approval notification from the SCO approving the final report and as-built drawings, and authorizing the college to release the final five percent of the designer's fee. The college shall not release the final 5% if the design fee to the designer until the approval notification is received from SCO. SCO will enter the **actual** date of the Final Report and as-built drawings into the SCO Interscope System under the project package milestone tab (CLOSEOUT) and upload the signed document to the SCO Interscope System.

Informal projects, as defined in **G.S. 143-129. Procedure for letting of public contracts**, do not require the submission of a final report.

Contingency Funds Remaining - To "close out" a project, the accounting section at the college and CPC must verify that all contracts are paid in full and there should be no remaining funds in the project. If there is a remaining balance, it should show in contingency funds and reflected on the Final Close out NCCCS 3-1 / NCCCS 2-16 form if applicable. The college must have any capital project regardless of funding type equal to or great than \$30,000 status up to date and all invoices entered under the "Financial Worksheet" in the SCO Interscope System. Contact the Director/Associate Director of Capital Finance and Planning at NCCCS Office if you have a question as to what a legitimate expenditure for using state funds before obligating or expending the funds. As with all expenditure, the college must enter contracts/expenditures and upload the proper back-up documentation (change orders, contracts, and agreements, etc.) in the SCO Interscope System.

If the college has remaining contingency funds allocated to a project, the college will need to fill out a NCCCS 3-1 (Final Close-Out) form to amend the project by reducing the funding sources and submit to the SO for processing. Once approved the SO will adjust the assigned funds to the project in the SCO Interscope System.

Guarantee Period Inspection – The CPC should check the General and Supplementary General Conditions of the contract, which are located in the front of the specifications for the project, to determine how long the guarantee periods are in effect. Prior to the expiration of the guarantee periods, the college should make an inspection of the facility to note and report any failures. The college can employ the designer to assist with this inspection, but this will be an extra service of the designer and, as such, the designer should be compensated.

Any failures should be reported to the designer, the contractor, and the SCO. A section of the contractor's performance bond states that the surety is also liable during the guarantee period. Be sure that all noted discrepancies are in writing prior to the expiration of the guarantee period. The bonding company should be contacted if satisfaction cannot be readily obtained from the contractor.

Designer Evaluations

As addressed in [G.S. 143-135.26. Powers and duties of the Commission](#) (G.S. 143-135.26(4)), the State Building Commission was charged with developing procedures for evaluating the work of designers and contractors on state and formal community college projects. The evaluation process is meant to be an ongoing management tool to inspire the designer to do his best work. If the results of the evaluations are not acceptable, the designer may not be considered for future State and community college work. The capital projects coordinator (CPC) is responsible for completing the designer evaluation form located in the SCO Interscope System, under the Evaluations tab. "The evaluation procedures for designers can be found in the NCAC at [01 NCAC 30E .0302 Overall Job Performance](#) . The CPC should complete the forms during the design and construction phases and submit them within 60 days of the final report of the project.

ACQUISITION OR DISPOSAL OF REAL PROPERTY

Acquisition of Real Property

As authorized in **G.S. 115D-20. Powers and duties of trustees** (G.S. 115D-20(3)), the BOT of each institution will have the powers and duties to purchase land, easements, or rights-of-way necessary for the proper operation of the institution, **subject to the prior approval of the State Board of Community Colleges** (State Board). This includes the acquisition by purchase (regardless of the source of funds), gift, or other lawful method, of real property (land or buildings) for a new campus or center, or for adding to a college's existing campus or center, or for any other purpose, regardless of where the property is situated. It would also include approving the lease of real property where the intent is for the property to become the site for a center or a campus, either now or in the future.

In the case of donated real property, the college should have the property appraised by two state-certified appraisers and the summary reports should be sent to the Associate Director of Capital Finance and Planning at NCCCS Office. If the two appraisals are not significantly different, the appraisals will be averaged based on a value and will be assigned to the property.

Prior to accepting the title to any land, the BOT must take **an official action** to acquire the land pending State Board approval, and request State Board approval with written certifications that there is **"No Conflict of Interest"** regarding the purchase.

The BOT must have the Certification of Environmental Site Assessment section of the NCCCS 3-1P form completed by checking one of the boxes that an Environmental Site Assessment has been or will be conducted prior to the BOT accepting the title to this property.

1. A Phase I Environmental Site Assessment with "no findings" does not require any further action. The college shall submit the Phase I Environmental Site Assessment to NCCCS Office.
 2. If the college has a Phase I Environmental Site Assessment completed that necessitates a Phase II Environmental Site Assessment the college is required to obtain approval of the Governor and the Council of State prior to the BOT accepting the title to property.
 3. If the college is approved with the contingency **"Approval is contingent upon a Phase I Environmental Site Assessment with "no findings" that necessitate a Phase II Environmental Site"** Then number one or two shall apply above.
- If both the Phase I and the Phase II site assessments conclude there is evidence of Recognized Environmental Conditions (REC's), the State Board cannot grant approval to purchase the property. In that case, G.S. 133-40 - Purchase of contaminated property by public entities applies.

No public entity, as defined in subsection (a) of this section, shall purchase or otherwise acquire an ownership interest in any real property with known contamination,

as that term is defined in ([G.S. 130A-310.65. Definitions](#)) G.S. 130A-310.65(5), without approval of the Governor and the Council of State. A public entity seeking to purchase or otherwise acquire an ownership interest in such property shall petition the Governor and Council of State for approval of the transaction, with sufficient information to identify the property, the nature and extent of the contamination present, and a plan of paying for the project and for remediation of any contamination without the use of General Fund appropriations. The approval of such a transaction by the Governor and Council of State may be evidenced by a duly certified copy of excerpt of minutes of the meeting of the Governor and Council of State, attested by the private secretary to the Governor or the Governor, reciting such approval, affixed to the instrument of acquisition or transfer, and said certificate may be recorded as a part thereof, and the same shall be conclusive evidence of review and approval of the subject transaction by the Governor and Council of State. The Governor, acting with the approval of the Council of State, may delegate the review and approval of such transactions as the Governor deems advisable.

Please note that if a BOT is considering a **new site** on which to create a new campus or center, or to relocate an existing campus or center, the college should contact the Director of Capital Finance and Planning for additional requirements regarding the State Board's approval process for a multi-campus college center (MCC). Additional information regarding the policy for establishing a "MCC" can be found on the NCCCS Office website [1B ABCCC 200.3 Establishing Multi-Campus Centers](#).

Long Term Lease –

A long-term lease is considered to be for a term of thirty (30) years. Or 20 years with an option to renew for additional years.

Disposal of Real Property

As authorized in **G.S. 115D-15. Sale, exchange or lease of property; use of proceeds from donated property**, the BOT of an institution may convey a right-of-way or easement for highway construction or for utility installations or modifications. If it is determined by the BOT that any real property owned or held by the trustees is unnecessary or undesirable for college purposes, may sell, exchange, or lease the property **subject to the prior approval of the State Board of Community Colleges**. Real property includes land, buildings, timber, minerals, etc., owned or held by the BOT.

Prior to the disposal of real property, the BOT, **in an official action**, must first determine that the use of the property is **unnecessary or undesirable for the purposes of the college**. After making this determination, the local BOT must submit a request to secure State Board approval **prior to** disposing of the property.

If the property to be disposed of conveys a routine right-of-way or easement for highway construction or for utility installations or modifications, the Director of College Capital Finance and Planning is permitted to approve the disposal.

Following approval by the State Board or NCCCS Office, the BOT may sell, exchange, or lease the property following the procedures in [Article 12. Sale and Disposition of Property](#) of the G.S.. The proceeds of any sale or lease shall be used for capital outlay purposes unless, in the case of a gift, the terms of the gift provide otherwise.

As per **G.S. 115D-15.1. Disposition, acquisition, and construction of property by community college** (G.S.115D-15.1(a-e)), the BOT may transfer (deed) property to the county for the purposes of providing collateral in connection with a financing agreement entered into by the county to finance the construction, additions, improvements, repair and renovations. This transfer requires an agreement that the county will transfer (deed) the property with all improvements back to the BOT when the financing agreement has been satisfied. This transfer is **subject to the prior approval of the State Board of Community Colleges**. The transfer of property does not negate the provision of **G.S. 143-129. Procedure for letting of public contracts** and **G.S. 143-341. Powers and duties of Department**.

As per **G.S. 160A-274. Sale, lease, exchange and joint use of governmental property**, the college may, with or without consideration, exchange with, lease to, lease from, sell to, or purchase from **another governmental unit** any interest in real or personal property. This would imply that for all other transactions, the college must secure fair market value for the property. Please note that a non-profit entity is **not** considered a governmental unit, and the college must, therefore, secure fair market value for any property transaction with a non-profit entity. Note that the college's foundation **is a non-profit** and must be treated as any other non-profit.

Requests to the State Board to Acquire or Dispose of Real Property

State Board approval for the acquisition or disposal of real property, the college must submit a request for inclusion on the State Board's Finance Committee agenda. An agenda is prepared and submitted by the College Capital Finance and Planning Section approximately three weeks prior to the State Board meeting. A list of the dates that a request must be received at NCCCS Office to be included on the next agenda is located on the web site [Capital Improvement - Construction and Property Agenda](#).

The college will need to complete a NCCCS 3-1P form and submit to ciprojects@ncccommunitycolleges.edu to acquire by purchase, donation, swap, or transfer. Dispose by sale, donation, exchange, transfer, or demolition. Also, for any lease of college-owned property to a third party, even though ownership is not being transferred. The NCCCS 3-1P and instructions are located on the NCCCS website at [NCCCS Capital Finance and Planning](#).

The following information depending on the type of property transaction may need to be included in the description on the NCCCS 3-1P form to be placed on the agenda.

1. A statement that the BOT took formal action to authorize the acquisition of the property (Meeting resolution.) The description should start off with "The Trustees of" (Filling in the name of the institution.)
2. If the acquisition is to be through the use of condemnation, this must be fully disclosed in the request. An officer of the college should be prepared to appear before the State Board to explain the rationale for using condemnation.
3. If the property or building has an identifying name, include the name in your description.
4. Provide the Parcel ID and a descriptive location of the property by including such information as street address, distance and direction (North, South, East, or West) to the campus, road(s) on which the land has frontage and distance and direction from towns and/or highway intersections. A map or sketch showing the location of the property should be included.
5. State the approximate size of the property and acreage or, for very small parcels square feet.
6. If a building is included, provide a brief description and the approximate gross square footage.
7. For acquisitions, indicate the proposed use of the property. If the college intends to dispose (sell, lease or demolish) of any unusable portion of the property to be acquired (e.g., old structures, timber, minerals, etc.), include the pertinent data for the disposal of that property in the description. In doing so, one agenda item can be presented for both acquisition and disposal.

8. If a land purchase is included as part of a formal construction project, include the cost of the property on the NCCCS **3-1** form.
9. If a land purchase is **not** included as part of a construction project **and** state funds **are** to be used for the purchase, you will need to submit an NCCCS **3-1** form and a NCCCS 3 - 1 P form to show the cost of the property. To draw state funds for the purchase, the college must submit a "Request for Reimbursement Form" (NCCCS 2-16) and the signed settlement agreement of-purchase for back up documentation.
10. A "Certification for No Conflict Of Interest for Purchases or Sales of Real Property" is required prior to the State Board approving the acquisition of any real property. This certification is not required when land is donated to a college.
11. A "Certification of Environmental Site Assessment" is required prior to the State Board approving the acquisition of any land.
12. For the **disposal** of property as per **G.S. 115D-15. Sale, exchange or lease of property; use of proceeds from donated property** (G.S. 115D-15(a)), the BOT must determine that the property is **unnecessary or undesirable for college purposes**. Such board action shall be documented and provided with the request.

MISCELLANEOUS TOPICS

Facility Master Plans

A master plan should provide the college with its future direction for the next five to ten years. A simple master plan could just arbitrarily position buildings on a layout of the campus, while a more thorough master plan would consider such basic elements as the projected growth of the population, number of potential students, the number and types of employees needed by businesses and industries, and the needs of the college's faculty and staff. These elements can be determined through surveys conducted by college staff or by a consultant with experience in gathering such data. Once this data is available, the amount of square footage needed by type of space (classrooms, laboratories, libraries, offices, etc.) will have to be determined. This data gathering portion and determination of square footage does not necessarily require the services of an architect, engineer, or landscape architect. As you proceed past this point to positioning the buildings on the site, the laws are not crystal clear as to whether a consultant can continue or if an architect or landscape architect is now required. Both architects [G.S. 83A](#) and landscape architects [89A](#) are allowed to position (locate) the buildings, roads, and infrastructure on the campus; but, only an architect is allowed to design a building with help from his or her consulting engineers.

Architects and consultants (planners) often work together to develop master plans.

The Facilities Inventory and Utilization Study (Study) published annually by the State Commission on Higher Education Facilities of the University of North Carolina – General Administration, provides statistical data on the amounts of space, utilization of space, and types of facilities at NCCCS and Universities. The last study including community college can be viewed at this link [Facilities Inventory and Utilization Study 2018](#).

State (capital improvement) appropriations and bond funds cannot be used to develop master plans unless specifically permitted by the legislation authorizing the funds.

Bookstore Funds

The use of funds derived from bookstore sales (bookstore funds) are governed by [G.S. 115D-5](#) 115D-5(a1), [G.S. 115D-58 Amendments to the budget; budget transfers](#) G.S.115D-58.13 and the [Accounting Procedures Manual](#) published by NCCCS Office. The State Board of Community Colleges (State Board) took action to provide further clarification of additional uses of excess bookstore profits in regard to the construction and renovation of certain facilities, and to support the Student Government Association. The approved use of excess bookstore profits for the following:

1. The construction and renovation of the bookstore itself,
2. Support of the Student Government Association, and,
3. The Student Center (for operations of student associations and activities, and for the construction and renovation of the Center).

There have been several occasions where a college had a need to bridge a budget shortfall and requested permission to “**borrow**” a portion of their bookstore funds for constructing or renovating space that was not part of the bookstore or student center. These loans were approved with the understanding that the borrowed funds must be repaid to the bookstore account, in the near future, from another source such as county or institutional funds. Contact the Director of State Aid or Capital Finance and Planning prior to proceeding with such a loan. The BOT must approve the use of bookstore funds in this manner.

Sales and Use Tax

Contractors must pay state and local sales and use taxes on all materials that become a part of the construction project, and those costs should be included in their bid proposal. Normally, the **local** portion of the sales and use taxes paid by any purchaser (including construction contractors) would be returned by the State to the locality (county) from which the taxes came. [G.S. 105-164.14 Certain refunds authorized](#) G.S.105-164.14(e), allows refunds **to the state** for all of the state and **local** sales and use taxes paid indirectly by **State agencies**, through their construction contractors, for materials that become a part of a construction project. This means the county loses that portion of the local taxes paid indirectly by the State agency. Since community colleges **are not** State agencies, the **local** portion of the sales and use taxes paid by the college’s contractors would be returned to the county, from which they came, and **would not** be kept by the State.

In the [General Conditions to the Contract](#), Article 45(e) Taxes, requires contractors and subcontractors to furnish to the owner records of all sales and use taxes paid on materials that become a part of the construction project. Since community colleges **are not** State agencies, Article 45(e) is not applicable and **should be** modified in the “Supplementary General Conditions” to remove the reporting requirements. An example for the supplementary general conditions could be: “Since community colleges are not State agencies, the accounting procedures for refund of county sales and use taxes are not applicable.

On a similar matter, there have been occasions where a county was furnishing all of the funding for a community college facility and the county manager wanted the county to construct the facility **for** the college. The county manager thought that [G.S. 105-164.14](#) (G.S.105-164.14(c)) would permit the county to request a refund of **all** of the sales and use taxes, both state and local, paid by their contractors.

G.S. 105-164.14. Certain refunds authorized, NC Department of Revenue that “Under the provisions of this statute, a county could only be entitled to receive a refund of sales and use taxes paid by a contractor on building materials, supplies, fixtures, and equipment that became a part of or annexed to a building if

- (1) the county entered into a contract with the contractor to construct a building for the county’s use,
- (2) the county owned the building being erected, and
- (3) the county directly paid the contractor with county funds. The fact that a county may provide to a community college funds that are earmarked for the construction or renovation of a community college building would not be considered either a direct or indirect purchase of tangible personal property by the county, and no sales or use tax paid with such funds would be eligible for refunds under the provisions of G.S. 105-164.14(c).”

Work Performed by Owner (College Staff)

College staff on the permanent payroll of the college are permitted to perform construction or repair work as per [G.S. 143-135 Limitation of application of Article](#) as long as “the total cost of the project, including without limitation all direct and indirect costs of labor, services, materials, supplies and equipment, does not exceed one hundred twenty-five thousand dollars (\$125,000) or the total cost of labor on the project does not exceed fifty thousand dollars (\$50,000).” A project cannot be subdivided to evade the provisions of this statute.

State capital improvement funds, if permitted by the legislation authorizing the funds, can be used for the purchase of the material used in the work. State capital improvement funds **cannot** be used to pay the costs of the college staff, even if the staff member performs some of the work while on annual leave or after normal working hours.

All projects must have the proper approval and permits from the local building inspector and must comply with all state and local building codes and regulations.

Live Projects

If students, as part of a construction related class, construct a small building such as a storage building or a house with the intention of selling the building, this would be considered a live project. The [Accounting Procedures Manual](#) published by NCCCS Office provides information on how to manage the accounts associated with the expenditures and receipts from the construction and sale of the building. If the building is constructed on the college's campus or on property owned by the college, the BOT would have to follow all requirements of the G.S. in acquiring the building materials and any subcontracted work, as well as in disposing of the building and/or property. A less complex method for administering live construction projects may be to work through the college's foundation, which is not a public entity. The foundation, **using the foundation's funds**, could purchase the land and building materials, enter into any necessary subcontracts, and sell the building without having to follow the more stringent laws that the college would have to follow.

While live projects provide the students with excellent work experience, colleges should consider issues such as liability insurance for the students, the integrity of the finished product, and competition of local contractors.

Instructional supplies purchased with state funds **cannot** be used in live projects or in permanent improvements to the campus that are constructed by students as part of a class.

Live projects must have the proper approval and permits from the local building inspector and must comply with all state and local building codes and regulations.

Unfinished Space

If funding was not a concern, the size of a building would be based on the college's space requirements and not on the amount of funds available. Generally, this is not the case and the available funds govern the size of the building to be constructed. In many cases additional space was needed but could not be built within the project. On a few occasions, colleges have designed a building shell large enough for their needs with some space in the building left unfinished (e.g. one floor of a multi-story building). This may make economic sense when, for example, initial funds are limited, land is scarce and there is a need for a multi-story building, or maybe for the future expansion of a program. The General Assembly has made it clear that colleges choosing to leave some space unfinished will not be given preferential treatment for future state capital improvement funding to complete the unfinished space. Therefore, at the beginning of the project, if your college plans to leave space unfinished, the college must, in writing, notify the Associate Director of Capital Finance and Planning of the college's intent to leave unfinished space and also of the fact that they will not seek special legislation or funding for completion of this unfinished space. This notification must be submitted along with the NCCCS 3-1 form.

Educational Specifications

Educational Specifications is a document prepared by the college from which the designer derives the necessary information that is required to design a building or campus. This information should include such items as philosophy of the college, anticipated enrollment, types of curricula, number of administrative and faculty offices, library space, student commons space, and, in general, a long-range projection for the college. In addition to these items, anything that might prove to be of value in designing a building or campus, such as air conditioning, carpeting, sewer and water requirements, local transportation, etc., should be included. Educational Specifications do not have to be submitted to NCCCS.

Initial Budget Preparation

The total amount of funds available for the complete project (total project cost), which would include costs for construction contracts, design fees, and a five percent construction contingency fund, should be determined as soon as possible after the educational specifications have been completed. Costs for movable equipment such as furnishings for offices, classrooms, laboratories, shops, etc., should **not** be included in the total project cost.

Establishing the total project cost will enable the designer (architect or engineer) to take a realistic approach as to whether the college's requirements, as defined by the educational specifications, can be achieved within the budget. The preparation of a budget will require extensive planning between the college's BOT, county commissioners, college staff and, where state funds are involved, the NCCCS Associate Director of Capital Finance and Planning.

The construction contingency funds are a reserve to be available to pay extra costs for situations encountered during construction that may be associated with unforeseen conditions, changes or additions to the project, etc.

When sufficient construction funds are not available at the onset of designing a project, a college may use local funds or state funds (if available and permitted) for advance planning to design the project for which the college will then attempt to obtain funds for construction. This is particularly advantageous for generating interest in pending bond issues, or when funds for construction are in next year's budget. **Note: Construction funds must be available before a project can be bid or construction contracts can be signed.**

Handicapped Parking Spaces

The college must provide an adequate number of parking spaces for handicapped people and the spaces must be properly marked. The NC State Building Code provides the requirements for the number of spaces and the type, size, shape and mounting height of the signs. In [G.S. 136-30. Uniform signs and other traffic control devices on highways, streets, and public vehicular areas](#) there is a reference that signs must be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, published by the United States Department of Transportation, and any supplement to that Manual adopted by the North Carolina Department of Transportation. When designing parking areas for new buildings, the designer is responsible for complying with the State Building Code. Another source of information on handicap parking regulations is [G.S. 20-37.6. Parking privileges for handicapped drivers and passengers and passengers](#).

Equipment

The college must have sufficient equipment and/or equipment funds necessary to make use of the facilities for the intended purpose before construction of the facilities can begin. A certification by the college of the availability of equipment or funds will be required in the NCCCS 3-1 Form before final approval can be obtained from the State Board.

State appropriations for capital improvements can be used to both construct and equip the facilities unless otherwise prohibited by the legislation authorizing the funds. Likewise, the 1993 and 2000 state bond funds authorized those funds to be used to equip "new" facilities constructed with those bond funds. While state appropriations and state bond funds can be used to both construct and equip the facilities, colleges are encouraged to use State Equipment funds to purchase the equipment for a new facility.

Economically, it is not wise to purchase equipment, like computers with a short lifespan, with bonds financed for a much longer period.

Colleges **should not** make special requests to the General Assembly for funds to equip new facilities.

Unit Prices

A unit price is a price for a unit of some type of material like a cubic yard of rock or soil, or a square yard of roof decking, etc. There may be situations when the exact quantity of a material to be removed from, or added to the project is unknown e.g. removing embedded rock, unsuitable soils, deteriorated roof decking; or adding back suitable soil, new roof decking, etc. If this is the case, the designer should estimate, as accurately as possible, the quantity of the material, say, embedded rock they think needs to be removed. The bidders, in their base bids, are to include a price for the removal of this specified quantity of rock. In addition, the bidders are also asked to provide a unit price for removing a cubic yard of embedded rock. If it turns out that the quantity removed is more or less than the quantity specified by the designer, the contractor will either receive additional compensation or will provide a credit to the college for each cubic yard of rock over or under the amount specified in the base bid. The additional compensation or credit will be computed using the unit price listed in the contractor's bid.

When unit prices are necessary, it is very important to consider them prior to awarding the contract. If the low bidder's unit prices are unreasonable, the designer should negotiate with the low bidder to bring their unit prices in line with the unit prices of the other bidders. The SCO "Opening of Bids" (Found under "[General Conditions](#)" on the SCO website) allows the college to reject the bid if unit prices are unacceptable. In that situation, the college would go to the next lowest bidder.

Wage Rate Determination

A federal wage rate determination may be required for projects funded wholly or partially from federal sources. A wage rate determination is a list by trade of the minimum wages that must be paid to workers who are working on the project. The CPC should read the conditions under which the federal funds were obtained to determine if the college must seek a wage rate determination. The wage rate determination must be a part of the project specifications and must be requested by the federal agency.

Establishing MULTI-CAMPUS CENTERS

The definition, purpose, and establishment and maintenance of a Multi-Campus Center (MCC) designation college can be located in the State Board of Community Colleges Code under [1B SBCCC200.a Establishing Multi-Campus Centers](#). The procedures for constructing, renovating, or purchasing an MCC or an Off-Campus-Center (OCC) are the same as for facilities on campus. State capital improvement funds may be used for constructing or renovating an MCC or an OCC, if the site is owned by the BOT of the college, or the BOT has a long-term lease to the site. A college may use State funds to purchase a site or a facility for an MCC or an OCC, if permitted by the legislation appropriating the funds.

A 30-year lease is preferred, but shorter leases with the options to renew may be acceptable. If state capital improvement funds are used at the MCC or OCC, the lease shall contain a clause that if the lessor terminates the lease through no fault of the college a prorated amount of the building cost, amortized over the lease period, will be returned to the college.

[G.S. 115D-14 Board of trustees a body corporate; corporate name and powers; title to property.](#) Provides that in the event that a college shall cease to operate, that all real property shall vest in the county in which the college is located.

MODULAR, MOBILE, OR PRE-ENGINEERED BUILDINGS

The NC Division of Purchase and Contract does **not** handle the acquisition of buildings such as modular buildings, mobile buildings, pre-engineered buildings, or prefabricated buildings. They refer to the acquisition of these buildings to the respective agencies that oversee construction projects, like the SCO and the NCCCS. Thus, if the cost of purchasing and constructing one of these buildings is \$500,000 or more, the project would be considered a formal construction project and would fall **completely** under the rules for formal projects. This would require employing a designer to design the building, seek competitive bids for the construction, construction of the building and having the project fall under the jurisdiction of SCO. These requirements would probably negate any perceived savings in acquiring such a building.

If the cost of purchasing and installing one of these buildings is less than \$500,000, the project would fall under the rules for minor projects. As **per G.S. 133-1.1. Certain buildings involving public funds to be designed, etc., by architect or engineer.** (G.S. 133-1.1(a)(3), if the cost was over \$135,000, the plans would have to be prepared by an architect or engineer registered in North Carolina.

Guaranteed Energy Savings Contracts

Guaranteed Energy Savings Contracts are defined in **G.S. 143-64.17. Definitions, Part 2 Energy Saving Measures for Governmental Units** as “a contract for the evaluation, recommendation, or implementation of energy conservation measures, including the design and installation of equipment or the repair or replacement of

existing equipment, in which all payments, except obligations on termination of the contract before its expiration, are to be made over time, and in which energy savings are guaranteed to exceed costs.” Currently, these types of contracts are more frequently called “Performance Contracts.”

As addressed in **G.S. 115D-20. Powers and duties of trustees** (G.S. 115D-20(10)), community colleges are permitted to enter into guaranteed energy savings contracts. Article 3B, Conservation of Energy, Water, and Other Utilities in Government Facilities, Part 1. Energy Policy and Life-Cycle Cost Analysis. [Part 2 - G.S. 143-64.10, Energy Saving Measures for Governmental Units.](#)

In essence, the college is paying, over a set period of time, for energy conservation improvements from the savings in utility costs brought about by these improvements. Prior to entering into one of these contracts, the college must have assurances from their county that the county will continue to provide the college with the funds to pay for the cost of the improvements. Again, those funds will come from the savings in utility costs. Performance contracting is a method for making energy savings improvements when the county does not have the capital improvement funds (CI funds) to make the improvements outright. If the county has the CI funds and are willing to pay for the improvements under a conventional contract, the county has the potential to save money by not having to pay financing costs.

The college should explore opportunities to use this method of financing those eligible capital improvement projects, thereby possibly saving state bond or local funds for other construction projects which may not be eligible for performance contracting.

Capital Projects Coordinator Course

The SCO conducts a course for community college capital projects coordinators (CPC). This course provides the CPC with information on the State’s capital improvement process. If there is sufficient interest from the colleges the Director or Associate Director for Facilities Services will work to facilitate the SCO scheduling of course dates.

Special Construction Delegation

Background:

G.S. 115D-9 authorizes the State Board of Community Colleges to delegate special authority to colleges to manage capital improvement projects without the oversight of the SCO. The college may request this delegated authority based on the college's needs, and the authority can come in two ways:

- \$4M delegation gives the college the authority to spend up to \$4M if any state dollars are included and unlimited authority if no state dollars are included.
- \$2M delegation gives the college the authority to spend up to \$2M regardless of funding source.

College Requirements to receive delegated authority

Colleges must submit the indicated form, signed by college President, local board Chair, Chief Financial Officer, and Capital Projects Coordinator (CPC), attesting to the following:

	\$2M Form 3-8A	\$4M Form 3-8
• CPC has attended State Construction Office training course	X	X
• CPC has experience with capital projects and must have administrative support.	X	X
• Local Board of Trustees has access to attorney versed in construction law.	X	X
• College has access to technical construction expertise, as demonstrated by licensed credentials and experience.	X	X
• College commits to following the policies, procedures, and guidelines provided by NC General Statute and Administrative Code, NCCCS Construction Guide, and State Construction Manual.	X	X
• College understands and assumes the duties and responsibilities outlined in the Construction Delegated Authority Guidelines approved by the State Board of Community Colleges.	X	X
• College has adopted a local construction manual.	N/A	X

Continued...Special Construction Delegation

Attachment FC 01A
(REVISED 05/19/2022)

STATE BOARD OF COMMUNITY COLLEGES Construction Delegated Authority Guidelines for Certain Capital Projects

Section 40.6 of Session Law 2021-180 revised G.S. 143-341(3)(a)(2) regarding State Construction Office (SCO) supervision of community college capital projects between \$500,000 and less than \$2,000,000. Session Law 2022-6, (Budget Technical Corrections) amended S.L. 2021-180 making the effective date July 1, 2022.

No college may exercise broadened authority to manage capital improvement projects absent State Board approval. If the State Board confers delegated authority to a college, the college continues to be subject to all other statutes and rules governing community college capital improvement projects, including, but not limited to, Chapter 115D of the General Statutes, G.S. 143-64.31-.34, G.S. 143-128.2, G.S. 143-129, and G.S. 133-1.1.

Duties and Responsibilities

If the SBCC approves a college for this delegation, the college will assume the following duties and responsibilities:

- 1. Selection of Architect/Engineer:** The college board of trustees continues to select the architect/engineer. The Board of Trustees may expedite the designer approval process through documented delegation of limited authority to the college president for designer selections. The Capital Project Coordinator (CPC) must review the process to ensure compliance with State Building Commission recommendations and GS 143-64.31-34.
- 2. Design Fee Negotiation and Preparation of Design Agreements:** The college is responsible for negotiating design fees and preparing design agreements. These duties shall be accomplished in consultation with the CPC, college facilities staff, college business office staff, and college attorney. System Office staff will provide periodic feedback to the college regarding design fee trends as such information is obtained. The design agreement must be signed by a person authorized to commit the college to a financial obligation.
- 3. Design Review and Coordination of Design Reviews with Regulatory Agencies of State Government:** The college is responsible for examining and approving all plans and specifications for the capital improvement project. The CPC, or other college designee, is responsible for coordinating with the design consultant to ensure that applicable reviews by the regulatory agencies as described in the "Regulatory Review Agencies" chapter 400 of the State Construction Manual are submitted and that all subsequent comments are satisfactorily resolved.

SBCC
05/20/2022

Continued...Special Construction Delegation

Attachment FC 01A
(REVISED 05/19/2022)

4. **Advertisement of Construction Bids, Bid Opening, Bid Evaluation, and Award Recommendation:** The college is responsible for ensuring that these responsibilities are performed consistent with G.S. 143-129.
5. **Construction Contract Award:** The college board of trustees is the contract award approving authority. The college attorney must review the contract as to form.
6. **Pre-Construction Conference and Issuance of Notice to Proceed:** The college is responsible for holding the pre-construction conference and issuing a notice to proceed in consultation with the design consultant.
7. **Work in Progress (Construction Management):** The CPC, in consultation with college staff, is responsible for this duty as described in the "Construction Management" chapter 700 of the State Construction manual as the designated project monitor.
8. **Change Order Management:** The CPC, in consultation with other college staff, shall have the responsibility of managing change orders.
9. **Dispute Resolution:** The college is fully responsible for managing the resolution of disputes. The college board of trustees must adopt a dispute management resolution process consistent with G.S. 143-128 and incorporate this dispute resolution process in the terms of the construction contract.
10. **Final Acceptance and Close Out:** The Board of Trustees is responsible for authorizing final project acceptance, based on the recommendations of the CPC and after issuance of a Certificate of Occupancy by the local building and electrical inspector and a Certificate of Compliance by the designer as described in the "Construction Management" chapter 700 of the State Construction Manual.
11. **Historically Underutilized Business (HUB) and Interscope Reporting:** The college is required to comply with all current statues, HUB office regulations, and executive orders involving utilization of HUB-certified firms, and associated reporting of such usage through the State Construction Office's Interscope system.

SBCC
05/20/2022

Continued...Special Construction Delegation

Attachment FC 01A
(REVISED 05/19/2022)

Process for Requesting Delegated Authority

To request State Board approval for delegated authority for a project with a total cost between \$500,000 and less than \$2,000,000, a college must submit the NC Community College System Office Form 3-8A via email to CIPProjects@nccommunitycolleges.edu.

Once Form 3-8A is received from a college, System Office staff will review the request and provide the information to the State Board. The review will include, but is not limited to, the following:

1. **Review of College Capacity:** This review will be based on the presence of the following capacity:
 - a. **Capital Projects Coordinator (CPC):** The CPC is the person at the college who is responsible for the capital construction process and performs the duties as described in the State Construction Manual. The CPC must be familiar with the State Construction process as demonstrated by having attended the training course for CPC's given by the State Construction Office and having experience with capital improvement projects, or comparable experience.
 - b. **Technical Construction Expertise:** The college must have access to the technical construction expertise, as demonstrated by licensed credentials and experience, to fulfill duties and responsibilities. Technical expertise may be provided by either college staff or through contracted professional services. Acceptable licensed credentials include 1) licensed architect or 2) licensed professional engineer.
 - c. **Attorney:** The board of trustees should have available the services of an attorney versed in construction law to provide the appropriate legal advice and representation. The attorney may either be an employee of the college or on contract.
 - d. **Administrative support personnel:** The college must designate administrative staff to provide support to the CPC.
 - e. **An identified HUB coordinator:** The college must identify a staff member responsible for HUB reporting and compliance. This individual must have attended an Interscope training class and participate in the monthly CPC meeting hosted by the HUB office.

The State Board will determine whether to delegate authority to the colleges. If a college receives approval of delegated authority, approval will be communicated to the State Construction Office. If a college is approved to have delegated authority under these guidelines, they may later request the SBCC to ask for SCO supervision for an individual project. This request must be in written form and submitted to the System Office at CIPProjects@nccommunitycolleges.edu.

If a college receives approval for construction delegated authority, the college must submit a

SBCC
05/20/2022

Continued...Special Construction Delegation

Attachment FC 01A
(REVISED 05/19/2022)

NCCCS Form 3-8A each year.

SBCC
05/20/2022

Continued...Special Construction Delegation

Attachment FC 01A
(REVISED 05/19/2022)

REQUEST CONSTRUCTION DELEGATED AUTHORITY

Community College:				Phone:	
Address:					
City:		State	NC	ZIP:	
Person completing form:					

The college must complete this Request for Construction Delegated Authority – Capital Improvement (NCCCS 3-8A) form and submit to the System Office.

- Who is the person appointed to serve as the Capital Projects Coordinator (CPC)?
- Does the College have access to technical construction expertise, as demonstrated by licensed credentials and experience? Y N
- Do the Board of Trustees have available the services of an attorney versed in construction law? Y N
- Does the CPC have designated administrative support staff? Y N
- Does your college have a HUB coordinator identified for HUB reporting and compliance? Y N
- Does your college understand and assume the Duties and Responsibilities outlined in the Construction Delegated Authority Guidelines? Y N

Signatures

Capital Projects Coordinator:	Signature:	Date:
Chief Financial Officer:	Signature:	Date:
President:	Signature:	Date:
Board of Trustees	Signature:	Date:

The community college understands and accepts the responsibility of assuming delegated authority for capital improvement projects with a total project cost of \$500,000 to less than \$2,000,000. The college is committed to following the policies, procedures, and guidelines as provided by General Statute, the Administrative Code, the NCCCS Construction Manual, and the State Construction Manual.

Email To: CIPProjects@ncccommunitycolleges.edu

SBCB
05/20/2022
NCCCS 3-8A
04/22/2022



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
R. Scott Ralls, Ph.D.
President

January 30, 2012

MEMORANDUM

SUPERCEDES CC11-028

TO: Presidents
Chief Business Officers
Capital Project Coordinators

FROM: Jennifer Haygood, Vice President for Business and Finance and
Chief Financial Officer

SUBJECT: Revised Special Construction Delegation Guidelines

On January 17, 2012, the State Board of Community Colleges approved the attached revisions to the special construction delegation guidelines. (Revisions are identified on Attachment A and engrossed in Attachment B.) All future special construction delegation requests will be evaluated consistent with these revised guidelines. On January 24, 2012, the State Building Commission and the Director of the Budget approved these revised guidelines in relation to projects funded in part or in total with State funds requiring the total estimated expenditure of public funds of \$4,000,000 or less.

A college's decision to request special construction delegation authority is voluntary and should only be pursued after thoroughly considering the duties, responsibilities, and related liabilities associated with this increase in authority. The attached guidelines describe the process a college must follow to request special construction delegation authority. Also attached is the required Form 3-8.

Please note that if the State Board grants special construction delegation authority to a college, the college continues to be subject to all other statutes and rules governing community college capital improvement projects. The State Board may rescind a college's special construction delegation for failure to comply with these laws and regulations.

If you have any questions regarding these guidelines, please contact myself, Sharon Rosado, or Dorrine Fokes.

CC12-003
E-Mail Copy

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Special Construction Delegation Guidelines (Revised)

Section 8.19 of S.L. 2011-145 authorizes the State Board of Community Colleges (State Board) to delegate special authority to colleges to manage the following categories of capital improvement projects:

- Projects funded in part or in total with State funds requiring the total estimated expenditure of public funds of \$4,000,000 or less; and
- Projects funded in total with non-State funds regardless of the project's estimated cost.

No college may exercise broadened authority to manage capital improvement projects absent State Board approval. The State Board may grant special construction delegation to one or both categories of capital improvement projects noted above. If the State Board confers special delegated authority to a college, **the college continues to be subject to all other statutes and rules governing community college capital improvement projects**, including but not limited to G.S. 115D, G.S. 143-64.31-.34, G.S. 143-128.2, and G.S. 143-129. Delegated authority in no way prohibits a college from using the services of State Construction, if requested.

Duties and Responsibilities of Special Construction Delegation Authority

If a college is approved for special construction delegation and does not voluntarily obtain the assistance of the State Construction Office, the college is responsible for the following the duties and responsibilities:

1. **Selection of Architect/Engineer:** The college board of trustees continues to select the architect/engineer. The board of trustees may expedite the designer approval process through delegation of limited authority to the college president for designer selections. The Capital Project Coordinator (CPC) must review the process to ensure compliance with State Building Commission recommendations and G.S. 143-64.31-.34.
2. **Design Fee Negotiation and Preparation of Design Agreements:** The college is responsible for negotiating design fees and preparing design agreements. These duties shall be accomplished in consultation with the CPC, college staff or contracted resources providing technical construction expertise, college business office staff, and the college attorney. System Office staff will provide periodic feedback to the college regarding design fee trends.

The design agreement must be signed by a person authorized to commit the college to a financial obligation.

3. **Design Review and Coordination of Design Reviews with Regulatory Agencies of State Government:** The college is responsible for examining and approving all plans and specifications for the capital improvement project. The CPC, or other college designee, is responsible for coordinating with the design consultant to ensure that applicable reviews by

Attachment A

the regulatory agencies as described in Chapter 200 "Regulatory Review Procedures" of the State Construction Manual are submitted and that all subsequent comments are satisfactorily resolved.

4. **Advertisement for Construction Bids, Bid Opening, Bid Evaluation, and Award Recommendation:** The college is responsible for ensuring that these responsibilities are performed consistent with G.S. 143-129.
5. **Construction Contract Award:** The college board of trustees is the contract award approving authority. The college attorney must review the contract as to form.
6. **Pre-Construction Conference and Issuance of Notice to Proceed:** The college is responsible for holding the pre-construction conference and issuing the Notice to Proceed in consultation with the design consultant.
7. **Work in Progress (Construction Management):** The CPC, in consultation with college staff or contracted resources providing technical construction expertise, is responsible for this duty as described in Chapter 500 (Construction Administration) of the State Construction Manual as the designated project monitor.
8. **Change Order Management:** The CPC, in consultation with college staff and/or contracted resources providing technical construction expertise, shall have the responsibility of managing change orders.
9. **Dispute Resolution:** The college is fully responsible for managing the resolution of disputes. The college board of trustees must adopt a dispute resolution process consistent with G.S. 143-128 and incorporate this dispute resolution process in the terms of the construction contract.
10. **Final Acceptance and Close-Out:** The board of trustees is responsible for authorizing final project acceptance, based on the recommendation of the CPC and after issuance of a **Certificate of Occupancy** by the local building and electrical inspector and a **Certificate of Compliance** by the designer as described in Chapter 505.4 (Final Inspection) of the State Construction Manual.

Process for Receiving and Reviewing College Delegation Requests

To request State Board approval for special construction delegation authority, a college must submit the following documents to the Vice President for Business and Finance:

- Original letter signed by the college president on college letterhead requesting special construction delegation authority and stating that the board of trustees has authorized the college to make this request.
- Request for Special Construction Delegation (NCCCS Form 3-8).

System Office staff will review the request and make a recommendation to the State Board. The following analyses will be used in determining any recommendation of delegation:

1. **Assessment of College Capacity:** This assessment will be based on the presence of the following capacity:
 - a. **Capital Projects Coordinator (CPC):** The CPC is the person at the college who is responsible for the capital construction process and performs the duties as described in Section 107 of the State Construction Manual. The System Office works with this person to coordinate the capital process with the State Board. This includes project initiation, budgeting, and state funds reimbursement requests (Property transactions, Submission of Forms 3-1, 3-2, & 3-9, Requests for Reimbursement Forms 2-16/2-17, and etc.). The CPC must be familiar with the State Construction process as demonstrated by having attended the training course for Capital Projects Coordinators (as provided by the State Construction Office or the System Office) and having completed (project conception to project close out) two or more formal capital improvement projects in the role of CPC.
 - b. **Technical Construction Expertise:** The college must have access to the technical construction expertise, as demonstrated by licensed credentials and/or experience, necessary to fulfill its responsibilities of design review, construction monitoring, and the close out process for each capital improvement project. This technical expertise may be provided either by college staff or through contracted professional services.
 - c. **Attorney:** The board of trustees must have available the services of an attorney versed in construction contract law to provide appropriate legal advice and representation. The attorney may either be an employee of the college or on contract.
 - d. **Administrative support personnel:** The college must designate administrative staff to provide support to the CPC.
2. **Assessment of College Policies and Procedures:** The college must have an official document outlining the college's policies and procedures for managing capital improvement projects.
3. **Assessment of Past Practices:** The System Office Construction Staff, in conjunction with the State Construction Office, will conduct a review of past practices and actions (if applicable) in regard to issues associated with formal construction projects. This will be accomplished by a review of project files, timely and appropriate submissions for State Board approval, timely and appropriate submissions for State Construction review and approval, college audit reports concerning facility management and financial management of capital facility projects, and a review of projects requiring dispute resolution by the State Construction Office. If the review of project submissions identifies a pattern of failing to follow the procedures as set forth in the NC Community College System Construction Manual and the State Construction Manual, that pattern may serve as a basis for recommending disapproval.

The State Board will determine whether or not to delegate authority to the college to the fullest extent provided under the law for each authorized category of special construction projects; it will not consider authorizing partial or incremental increases in construction delegation. If the State Board approves a college's request to grant special construction delegation authority, the

Attachment A

approval will be effective on the first day of the month following the State Board's approval and applies to any project in the approved categories for which the construction contract is executed after the effective date. A college that is granted special construction delegation authority **must submit an amended Form 3-8** to inform the State Board of any significant change impacting the college's capacity to manage the increased delegation as represented in its original request.

If a college **does not** receive special delegation authority, the college must continue to follow the procedures as addressed in G.S. 143-129 and G.S. 143-341 to include review and oversight by the State Construction Office. A college may submit a request for reconsideration after one year. The application should include information identifying the steps taken to improve their deficiencies and the success of those changes.

Authority to Rescind Special Construction Delegation Authority.

The State Board may rescind a college's special construction delegation authority under any of the following circumstances:

1. Failure to comply with statutes, rules, and procedures governing community college capital improvement projects;
2. Failure to submit **an amended Form 3-8** to inform the State Board of any significant change impacting the college's capacity to manage the increased delegation as represented in its original request.
3. Negative audit findings associated with construction management, depending on the severity of and the college's response to the findings;
4. Demonstrated problems managing its special construction delegation authority.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
STATE BOARD OF COMMUNITY COLLEGES

REQUEST TO INCREASE CONSTRUCTION DELEGATION

Community College:		Phone:	
Address:			
City:	State: NC	ZIP:	
Person completing form:			

Signatures

Capital Projects Coordinator:	Signature:	Date:
Chief Financial <u>Officer</u> :	Signature:	Date:
President:	Signature:	Date:
Chairman, Board of Trustees	Signature:	Date:

The college must complete this Request to Increase Construction Delegation – Capital Improvement (NCCCS 3-8) form and submit to the System Office.

The community college understands and accepts the responsibility of assuming an increase of delegation for capital improvement projects. The college is committed to following the policies, procedures, and guidelines as provided by General Statute, the Administrative Code, the NCCCS Construction Manual, and the State Construction Manual.

Please provide with this request your Organization Chart and a copy of the colleges Construction Policies and Procedures Manual/Guidelines.

Return To:

Email: Clprojects@nccommunitycolleges.edu

USPS:

North Carolina Community College System
Attn: Director of Capital Finance and Planning
200 West Jones Street
Raleigh, North Carolina 27603

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
STATE BOARD OF COMMUNITY COLLEGES

Information for consideration:

Who is the person appointed to serve as the Capital Projects Coordinator (CPC)?

When (month/year) did the CPC attend the Capital Projects Coordinator course provided by the State Construction Office? _____

How many formal capital improvement projects has the current CPC overseen from design to close out?

Does the CPC have designated administrative support staff? _____

Provide the name of the attorney or firm that will represent the Board of Trustees: _____

Describe the type and amount of experience the attorney/firm representing the colleges has with construction contract law? _____

Describe how the college will obtain the construction technical expertise necessary to fulfill its responsibilities for each capital improvement project. _____

If the construction technical expertise will be provided by college staff, identify the experience and credentials of these individuals. _____

If the construction technical expertise will be provided through a contracted professional service, identify the experience and credentials of the contractor. _____

Please provide information regarding your capital improvement (construction) staff, their role in the process and years of experience.

_____	_____	_____
Staff	Role	Years of Experience
_____	_____	_____
Staff	Role	Years of Experience
_____	_____	_____
Staff	Role	Years of Experience

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Special Construction Delegation Guidelines (Revised)

Section 8.19 of S.L. 2011-145 authorizes the State Board of Community Colleges (State Board) to delegate special authority to colleges to manage the following categories of capital improvement projects:

- Projects funded in part or in total with State funds requiring the total estimated expenditure of public funds of \$4,000,000 or less; and
- Projects funded in total with non-State funds regardless of the project's estimated cost.

No college may exercise broadened authority to manage capital improvement projects absent State Board approval. The State Board may grant special construction delegation to one or both categories of capital improvement projects noted above. If the State Board confers special delegated authority to a college, **the college continues to be subject to all other statutes and rules governing community college capital improvement projects**, including but not limited to G.S. 115D, G.S. 143-64.31-.34, G.S. 143-128.2, and G.S. 143-129. Delegated authority in no way prohibits a college from using the services of State Construction, if requested.

Duties and Responsibilities of Special Construction Delegation Authority

If a college is approved for special construction delegation and does not voluntarily obtain the assistance of the State Construction Office, the college is responsible for the following the duties and responsibilities:

1. **Selection of Architect/Engineer:** The college board of trustees continues to select the architect/engineer. The board of trustees may expedite the designer approval process through delegation of limited authority to the college president for designer selections. The Capital Project Coordinator (CPC) must review the process to ensure compliance with State Building Commission recommendations and G.S. 143-64.31-.34.
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Attachment A

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4. Demonstrated problems managing its special construction delegation authority.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
STATE BOARD OF COMMUNITY COLLEGES

REQUEST TO INCREASE CONSTRUCTION DELEGATION

Community College:		Phone:	
Address:			
City:	State: NC	ZIP:	
Person completing form:			

Signatures

Capital Projects Coordinator:	Signature:	Date:
Chief Financial <u>Officer</u> :	Signature:	Date:
President:	Signature:	Date:
Chairman, Board of Trustees	Signature:	Date:

The college must complete this Request to Increase Construction Delegation – Capital Improvement (NCCCS 3-8) form and submit to the System Office.

The community college understands and accepts the responsibility of assuming an increase of delegation for capital improvement projects. The college is committed to following the policies, procedures, and guidelines as provided by General Statute, the Administrative Code, the NCCCS Construction Manual, and the State Construction Manual.

Please provide with this request your Organization Chart and a copy of the colleges Construction Policies and Procedures Manual/Guidelines.

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Email: Clprojects@nccommunitycolleges.edu

USPS:

North Carolina Community College System
Attn: Director of Capital Finance and Planning
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Raleigh, North Carolina 27603

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
STATE BOARD OF COMMUNITY COLLEGES

Information for consideration:

Who is the person appointed to serve as the Capital Projects Coordinator (CPC)?

When (month/year) did the CPC attend the Capital Projects Coordinator course provided by the State Construction Office? _____

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Does the CPC have designated administrative support staff? _____

Provide the name of the attorney or firm that will represent the Board of Trustees: _____

Describe the type and amount of experience the attorney/firm representing the colleges has with construction contract law? _____

Describe how the college will obtain the construction technical expertise necessary to fulfill its responsibilities for each capital improvement project. _____

If the construction technical expertise will be provided by college staff, identify the experience and credentials of these individuals. _____

If the construction technical expertise will be provided through a contracted professional service, identify the experience and credentials of the contractor. _____

Please provide information regarding your capital improvement (construction) staff, their role in the process and years of experience.

_____	_____	_____
Staff	Role	Years of Experience
_____	_____	_____
Staff	Role	Years of Experience
_____	_____	_____
Staff	Role	Years of Experience

RESOURCES

NC Community College System Office

5013 Mail Service Center
Raleigh, NC 27699-5013
Main Phone: 919-807-7100
FAX: 919-807-7164

Location:

200 West Jones Street
Raleigh, NC 27603-1379

Stephanie Fisher, CPA
(919) 807-7156

Associate VP, College Finance & Operations
fishers@nccommunitycolleges.edu

Dorrine A. Fokes
(919) 807-7088

Director, Director of Capital Finance and Planning
fokesd@nccommunitycolleges.edu

Angela Dorman
(919) 807-7113

Associate Director of College Capital Finance and Planning
dormana@nccommunitycolleges.edu

Lynne S. Gilbert
(919) 807-6960

Capital Analyst of College Capital Finance and Planning
gilbertl@nccommunitycolleges.edu

Joanne Kurtz
(919) 807-7174

CI Accounting Specialist/Request for Reimbursement
kurtzj@nccommunitycolleges.edu

NC Department of Administration (DOA)

State Construction Office /Staff Listing
Website for [Contact Information](#)

Main Office: 984-236-5400
Fax: 919-807-4110

Email Assistance:

- General Email Inquiries - sco@doa.nc.gov
- IPS Advertisement Requests - scoads@doa.nc.gov
- Interscope Support - interscope@doa.nc.gov
- Electronic Uploads - scoreview@doa.nc.gov
- Permits - sco.permits@doa.nc.gov

**NC Department of
Administration (DOA)**

**Office for Historically
Underutilized Businesses** 1336
Mail Service Center Raleigh, NC
27699-1336

Location Albemarle Building
325 N. Salisbury Street
Raleigh, NC 27603-8003
:
[Historically Underutilized Businesses \(HUB\)](#)

**NC Department of
Administration (DOA)
Purchase and Contract**

Website: [https://www.doa.nc.gov/divisions/purchase-
contract](https://www.doa.nc.gov/divisions/purchase-contract)

**NC Department of
Administration (DOA)**

Electronic Vendor
Portal (eVP)

Website: <https://evp.nc.gov/>

State Clearing House 1301
Mail Service Center Raleigh,
NC 27699-1301
(919) 807-2425
FAX: (919) 733-9571

Location 116 W. Jones Street, Room 5106
Raleigh, NC 27603-8003
:
[www.state.clearinghouse@do
a.nc.gov](mailto:www.state.clearinghouse@do
a.nc.gov)
Website:

Land Quality Section Division of
Land Resources NC Dept. of
Environmental and Natural
Resources 1612 Mail Service
Center Raleigh, NC 27699-1612
(919)-707-9200
FAX: (919) 715-8801

Location 217 West Jones Street
Raleigh, NC 27603
:
[http://portal.ncdenr.org
/web/lr/](http://portal.ncdenr.org/web/lr/)
Website:

N.C. Dept. of Insurance
Engineering and Building Code
Division
1202 Mail Service Center
Raleigh, NC 27699-1202
(919) 661-5880

Location 322 Chapanoke Road
Raleigh, NC 27603
:
[www.ncdoi.com/ODFM/Engineering/engine
ering.home.asp](http://www.ncdoi.com/ODFM/Engineering/engineering.home.asp)
Website:

State Energy Office
1601 Mail Service Center
Raleigh, NC 27699-1601
(919) 707-9200

Location: 217 West Jones Street
Raleigh, NC 27603
Website: www.energync.net

HEFC
Higher Education
Facility Commission

Location: 910 Raleigh Road
Chapel Hill, NC 27515

Website: [www.northcarolina.edu/content.php/finance/fac_util/index.p
hp](http://www.northcarolina.edu/content.php/finance/fac_util/index.php)

Po Box 2688
Chapel Hill, NC 27515
(919) 962-2211
Fax: (919) 962-0488

FORMS AND SAMPLE LETTERS

Checklist – Formal Capital Project

Approval Process for FORMAL CAPITAL PROJECT

1. _____ Advanced Planning (budget analysis/space allocation/feasibility)
 1. Purchase Property _____
 2. Asbestos Inspection _____
 3. Phase I or II Environmental Assessments _____
2. _____ Submit 3-1 to Board of Trustees for Approval
3. _____ Submit for NCCCS State Board Approval
4. _____ Receive 3-1 State Board Approval (send to SCO later)
5. _____ Advertise for Architect (use SCO website) _____ close date
6. _____ Pre-Selection Committee meets – choose to interview no less than 3
7. _____ Interview architects and make recommendation to Board of Trustees
8. _____ Board of Trustee approval of architect
9. _____ Send form Letter to SCO – include:
Top 3 ranked architects, date of board approval, advertise date, ad close date and attached cc of 3-1 that has NCCCS approval.
10. _____ Send letter of award to Architect
11. _____ Send form letter to Architects not receiving project
12. _____ SCO approval of Architect
13. _____ Designer fee negotiated by Daffie and approved by SCO (formal only)
14. _____ Advertise for General Contract (get affidavits of ads)
15. _____ Designer to conduct construction pre-bid.
16. _____ BID OPENING DATE – conducted by Architect/Designer
17. _____ Board of Trustee approval of General Contractor in formal meeting. Have 3-1 signed, letter of award to GC by President, bid tab sheet, bid summary sheet and Minority Affidavits C and D.
17. _____ Submit above package to SCO and NCCCS
18. _____ Ground Breaking Ceremony (if applicable)
19. _____ Receive approval of GC from SCO.
20. _____ Receive contracts from SCO for GC
21. _____ Receive notice to proceed from SCO
22. _____ Site meetings from SCO to be held the _____ of each month.
23. _____ Final Inspection from SCO
24. _____ Submit 3-1 to NCCCS upon completion of project
25. _____ Enter Interscope Review for GC and Architect

NCCCS 3-1 Form - Instructions

Instructions

NCCCS 3-1 Form

Capital Improvement Project Approval

[NOTE: PLEASE E-MAIL ALL REQUESTS TO CIPProjects@ncccommunitycolleges.edu](mailto:CIPProjects@ncccommunitycolleges.edu)

PLEASE USE THE **NCCCS 3-1-P FORM** FOR THE ACQUISITION AND/OR DISPOSAL OF REAL PROPERTY

Reminder:

- If the capital project has Connect NC Bond funds identified within the project it is required to go before the State Board for all new, amended, or project closeouts. A Bond Questionnaire is required for every submission of a NCCCS 3-1 containing Connect NC Bonds.
- Interscope should be reflective of current project status: Please begin and continue to update and record all data throughout the project in the Interscope Plus System.
 - ✓ State Board Approval
 - ✓ HUB Participation

To establish a **New Project**

Submit the NCCCS 3-1 Form, identified as the “**New Project**” tab within the NCCCS 3-1 workbook, for State Board approval (email or call the System Office for a project number). **If Connect NC Bond funds are identified in your capital project, a Bond Questionnaire is required.**

PAGE 1

“**College**” – select your college from the drop-down list. You will notice that this will populate your college’s name throughout the NCCCS 3-1 workbook.

“**Project Name**” – Should be specific and usually include a building/facility and/or campus name.

Please do not use generic project names, such as, “Repairs & Renovations;” “Roof Replacements,” etc. Example of a correct project name: “Vine Building – Roof Replacement”.

“**NCCCS Project No.**” – Email CIPProjects@ncccommunity colleges with the project name requesting the project number.

“**Campus**” – Choose the campus where the project is taking place. If your campus is not showing, select “Other – Not Listed, Specify Below” and write the campus below.

Section I - Type of Project” – from the drop down menu, select the priorities of this project. One project could have multiple priorities, so please include all that are applicable to your project. Upon selection of Type of Project(s), a description of needs will drop down under section II.

Section II - “**Project Description**” – should be specific and not generic. Please do not use “Various Campus Renovations” or “Miscellaneous Repairs.” Include all pertinent information regarding the project. Please include information that will populate once the type of project(s) has been selected.

Person filling out form and CPC signature is required, bottom of page 1.

PAGE 2

Section III, Estimated Cost of Project – The NCCCS 3-9 form (Found on the NCCCS website) is a tool which can be used to help a college come up with a project estimate cost. Colleges may also use the OC-25 form on the SCO Interscope System. Enter the budget for each line item. The spreadsheet will automatically calculate.

Continued...NCCCS 3-1 Form - Instructions

Section IV, Sources of Funds Identified for This Project – Identify all funds to be used for this project. College must have all or a portion of funds identified to take the project before the State Board. Some of the dropdown options will require additional information and will populate “Specify Origin Here” in the cell beside the selected fund. For instance, if you choose donations under non-state funds, you will need to enter where the donations are coming from. The spreadsheet will automatically calculate.

Note: Section III and IV will need to balance. If it does not balance, you will get an error message.

Section V - Certification by the College Board of Trustees – Projects must always be approved by the college’s Board of Trustees. Section V should have the Board Chairman and the College President’s signature. If any state funds are identified in Section IV, it will automatically populate in the 1st paragraph in this section. Please be sure to add the date that your Board of Trustees have approved the NCCCS 3-1.

Section VI -Certification as to Availability of Local Support and Funds Certification 1. The County’s (County Manager and/or County Finance Officer) signature is required on the 3-1 for a “New Project” if the county is providing the funding outside of the colleges’ normal county appropriation for an R&R project.

Section VI. Certification 2. The County’s signature is required for the construction of a new facility, regardless of the source of funds available to construct the new facility. Signatures for this statement require the completion of the NCCCS 3-1 Section VIII (See Page 5).

Section VII -Certification of Attorney as to Fee Simple Title to the Property – Attorney signature is required only for construction on a new site or when federal funds are involved. This is not required for long term lease.

Section VIII -Certification of Local Budget Support – cCounty Manager signature required on new building(s) or addition(s) certifying local budget support for operational annual cost. You will input data into all cells that are highlighted yellow.

To Amend a Project (To receive approval for a funding increase/decrease)

Submit the NCCCS 3-1 Form, identified as the “Amended 1” (go to the next Amended tab, do not reuse an Amended tab that has already been submitted for approval) tab within the NCCCS 3-1 workbook for State Board approval. **If Connect NC Bond funds are identified in your capital project, a Bond Questionnaire is required.**

Possible reasons for the need to amend a project:

If the original 3-1 submission only included partial funding for the project cost, once additional funds (state or non-state) are identified, an amended 3-1 must be submitted.

Once bids are received, and funding level changes because funding is not sufficient to award contracts, an amended 3-1 must be submitted to increase funding (state or non-state) before approval will be given to award contracts.

Due to increase project costs and the need for additional funds, a 3-1 – Amended Project, must be submitted for approval, no matter the source of the additional funds.

Continued...NCCCS 3-1 Form - Instructions

The tabs in this workbook are linked together. Almost all fields within the Amended tabs will be populated based off the prior NCCCS 3-1.

Section I – If the type of project has changed since the prior submission, identify the current priorities.

Section II – Please detail the reason for this amendment. If scope change, description must include all pertinent information regarding the project (scope of work, square footage, etc.). Include any variances from the original project description. If budget change, describe the need for change (bids came in higher, identifying undetermined funds, increase due to increase scope of work, etc.).

Section III & IV – The prior budget and funding sources will be displayed in the left column, and the current budget will be displayed in the right column. The middle column (highlighted yellow) is what you will use to adjust your budget and funding.

Section V – Certification of the College Board of Trustees is always required.

Section VI – This section is only needed if there has been a change to the previously approved county funds.

Section VII – This section is not needed if it was submitted with the original NCCCS 3-1.

Section VIII – This section is only needed if there is a change in the estimated operating/utility annual costs. Generally, if a project scope has increased due to an increase in square footage of the building, more than likely there will be changes to the estimated costs and this section should be filled out.

NCCCS 3-1 not required: If the original submission of the 3-1 included full funding available, bids are received, and funding is sufficient to award contracts, the college will not need to submit an amended 3-1 for approval.

To Close Out a Project

Submit a NCCCS 3-1 Final - Project Close Out

When a **Formal** project is complete, a final inspection is conducted, and final reports and as-built drawings are submitted to and approved by State Construction, a 3-1 **Final – Project Close Out** must be submitted to close-out the project. This submission is required to record actual expenditures for each contract/agreement - design (architect); commissioning; special inspections; general contract (plus change orders); other contracts; other fees; work performed by owner (if this applies), etc.

When an **Informal** project is complete, a 3-1 Final - Project Close Out should be submitted for actual expenditures.

Required: Interscope Plus must be updated and closeout performed prior to submission of Closeout.

NOTE: “Amended Project” and “Final Project Close Out” submissions will require approval by the State Board if the total project cost has increased by more than 10%, or any projects including State Bond funds. The Associate VP of Finance and Operations (College Accounting) will approve all other “Amended Project” and “Final Project Close Out” submissions. The Colleges Board of Trustees are required to approve all NCCCS 3-1’s regardless of the percentage increase/decrease.

NCCCS 3-1 Form -

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

CAPITAL IMPROVEMENT PROJECT APPROVAL

NEW PROJECT

College

Project Name _____ NCCCS Project No. _____

Campus County _____

I. TYPE OF PROJECT:

II. DESCRIPTION OF PROJECT:

Insert project and amendment description here.

- Project to be constructed/renovated on college owned property**
- Project to be constructed/renovated on leased property**
Provide the System Office a copy of lease that meets criteria as addressed in **Capital Improvement Manual.**

This form was prepared by:

Name: _____

Signature: _____

Contact Number: _____

Date: _____

CPC Signature: _____

III. ESTIMATED COST OF PROJECT:

0

A. PRE-CONSTRUCTION COSTS

- 1. Site Grading and Improvements (not in III B)
- 2. Demolition (not in III B)
- Subtotal "A"

0.00

B. CONSTRUCTION

- 1. Design Fee
- 2. Construction.....
- 3. Construction Contingency
- 4. Other Contracts
- 5. Other Fees
- Subtotal "B"

0.00

C. Other Costs

- 1. Initial Equipment.....
- 2. Work Performed by Owner
- Subtotal "C"

0.00

TOTAL ESTIMATED COST OF PROJECT (Sum of III A, B, C)

\$0.00

IV. SOURCES OF FUNDS IDENTIFIED FOR THIS PROJECT:

A. NON-STATE FUNDS

- 1. County Appropriated
- 2. County Bonds
- 3. _____ ▼
- 4. _____ ▼
- 5. _____ ▼
- Subtotal "A"

0.00

B. STATE FUNDS (Handled locally by college - not reimbursed through System Office)

- 1. _____ ▼
- 2. _____ ▼
- 3. _____ ▼
- Subtotal "B"

0.00

*Must be used on same OSBM/SCF Project

C. STATE FUNDS (Reimbursed by the System Office)

- 1. Budget Code _____ ▼
- 2. Budget Code _____ ▼
- 3. Budget Code _____ ▼
- 4. Budget Code _____ ▼
- Subtotal "C"

0.00

Total Sources of Funds Available (IV A, B, C)

0.00

D. UNIDENTIFIED FUNDS

- 1. Unidentified Funds (Do not include on the NCCCS 2-16)
- Subtotal "D"

0.00

Total Sources of Funds Including Unidentified

\$0.00

V. CERTIFICATION BY THE COLLEGE BOARD OF TRUSTEES

To the State Board of Community Colleges:

We, the Board of Trustees of
do hereby certify:

1. That the information contained in this application is true and correct to the best of our knowledge and belief, and do hereby request approval from the State Board of Community Colleges for this application and for the utilization of \$0.00 State funds reflected on Page 3, which are appropriated and have been allocated for the use of our college. These funds, along with the non-state funds shown, will be used exclusively for facilities, equipment for those facilities, land, or other permanent improvements described herein and in accordance with the minutes and resolution of the Board of Trustees dated _____ .

- As part of this certification, the Board of Trustees certify that any equipment purchased with the State Funds must have a useful life of 10+ years.
- As part of this certification, the Board of Trustees acknowledge that furniture is not an allowable expense as part of a capital project funded by State Funds, therefore will not be reimbursed.

2. That the described permanent improvements are necessary for meeting the educational needs of the area served and that this proposed project is in accordance with the rules and regulations adopted by the State Board of Community Colleges.

3. That a fee simple title held by the Board of Trustees to the property upon which the said facilities or improvements are to be made, or that a long-term lease, as described in the North Carolina Community College System Capital Improvement Guide, is held by the Board of Trustees.

4. That in formal sessions with a quorum present, the Board of Trustees authorized this application and further authorized the Chairman and the Chief Administrative Officer of this Board to execute all papers required by the rules and regulations of the State Board of Community Colleges.

Chairman - Board of Trustees

Chief Administrative Officer/President

VI. CERTIFICATION AS TO AVAILABILITY OF LOCAL SUPPORT AND FUNDS

Certification 1.

I certify that I have examined this application for the project no: _____ 0
from _____ and if shown, county funds in the
amount of _____ \$0.00 are available for the planning and construction of this project.

County Manager/Finance Officer Signature _____

Print Name _____

Date _____

(The following certification must be completed for New Facility Projects Only)

Certification 2.

Based on an analysis of the colleges annual operating and utility costs, (as per the NCCCS 3-1
Section VIII) it is estimated that the college will expend an additional _____ \$0.00
per year in support of this new construction. I certify that this document has been reviewed, and that
the information stated herein will be shared with the proper county officials to seek an appropriate
adjustment to the college's budget as the new facility is brought online.

County Manager/Finance Officer Signature _____

Print Name _____

Date _____

=====

VII. CERTIFICATION OF ATTORNEY AS TO FEE SIMPLE TITLE TO THE PROPERTY

(Note: Required only for construction on a new site or when federal funds are involved. Not
required for long term lease.)

I, _____, duly licensed attorney of the State of North
Carolina, do hereby certify that I have examined the public records of _____
County, North Carolina, from January 1, 1925, to this date concerning title to the property upon which
the improvements set out in the foregoing application are proposed to be made, and I find from said
examination that a fee simple title free from all claims or encumbrances, is vested in
_____ by deed recorded in (specify book & page) _____
_____ in the Office of the Register of Deeds except as noted below: (Attach
a copy of deed)

This, the _____ day of _____, 20__

Signature

0

**VIII. CERTIFICATION OF LOCAL BUDGET SUPPORT
ESTIMATED OPERATING/UTILITY ANNUAL COST
FOR CAPITAL IMPROVEMENT PROJECTS**

Date: 9/12/2020 Project Name: 0

College: _____ Project Completion Date: 5/1/2023

A dditional Cost Identification	1st Year of Operation	2nd Year of Operation	3rd Year of Operation	4th Year of Operation	5th Year of Operation	Average A dditional A nnu al Cost
	FY	FY	FY	FY	FY	
Staffing (Housekeeping & Facility Operator)						
additional annual cost	\$0	\$0	\$0	\$0	\$0	\$0
Plant Ma intenance						
additional annual cost	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Cost						
additional annual cost						
Electric	\$0	\$0	\$0	\$0	\$0	\$0
Fuel (Gas, Oil)	\$0	\$0	\$0	\$0	\$0	\$0
Water	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0
Total Average Annual Cost (will populate into Section VI of the 3-1)						\$0

I certify that the county has reviewed this information as a part of the approval process.

County Manager/Finance Officer

3-1 Attachment
Local Certification of Support

ADVERTISEMENT for Designer Services REQUEST

The form can be downloaded from the [SCO website](#):

GUIDELINES FOR RECRUITMENT AND SELECTION OF MINORITY BUSINESSES FOR PARTICIPATION IN STATE CONSTRUCTION CONTRACTS

In accordance with G.S. 143-128 (SB 308 ratified June 28, 1989) (*and amended on June 30, 1995, Session Laws 1995, c.367*) these guidelines establish goals for minority participation in single-prime and separate-prime state construction contracts. The legislation provided that the state shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each project for which a contract or contracts are awarded. These guidelines are published to accomplish that end.

SECTION 1: INTENT

It is the intent of these guidelines that the State of North Carolina, as awarding authority for construction projects, and the contractors and subcontractors performing the construction contracts awarded shall cooperate and in good faith do all things legal, proper and reasonable to achieve the statutory goal of ten percent for participation by minority businesses in each construction project as mandated by SB 308. Nothing contained in these guidelines shall be considered to require awarding authorities to award contracts or to make purchases of materials or equipment from minority-business contractors who do not submit the lowest responsible bid or bids.

SECTION 2: DEFINITIONS

1. Minority - a person who is a citizen or lawful permanent resident of the United States and who is:
 - a. Black, that is, a person having origins in any of the black racial groups in Africa;
 - b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;
 - c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;
 - d. American Indian or Alaskan Native, that is, a person having origins in any of the original peoples of North America; or
 - e. Female.
2. Minority Business - means a business:
 - a. In which at least fifty-one percent (51%) is owned by one or more minority persons, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons; and
 - b. Of which the management and daily business operations are controlled by one or more of the minority persons who own it.
3. Owner - The State of North Carolina, through the Agency/Institution named in the contract.
4. Bidder - Any person, firm, partnership, corporation, association, or joint venture seeking to be awarded a public contract or subcontract.
5. Contract - A mutually binding legal relationship or any modification thereof obligating the seller to furnish equipment, materials or services, including construction, and obligating the buyer to pay for them.
6. Contractor - Any person, firm, partnership, corporation, association, or joint venture which has contracted with the State of North Carolina to perform construction work or repair. Subcontractor - A firm under contract with the prime contractor for supplying

materials or labor and materials and/or installation. The subcontractor may or may not provide materials in his subcontract.

7. Work subcontracted in an emergency, and which could not have been anticipated is excluded as a part of this program.
8. Verifiable goal means:
 - a. For purposes of separate-prime contract system, that the awarding authority has adopted written guidelines specifying the actions that will be taken to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded; and
 - b. For purposes of single-prime contract system, that the awarding authority has adopted written guidelines specifying the actions that the prime contractor must take to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded; the required actions must be documented in writing by the contractor to the appropriate awarding authority.
 - c. *For purposes of Alternate Bidding contract system authorized by the State Building Commission under G.S. 143-135.26(9), that the awarding authority has adopted written guidelines specifying the action taken to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section.*

SECTION 3: RESPONSIBILITIES

1. Minority Business Program of the Office for Historically Underutilized Businesses, Department of Administration (hereafter referred to as HUB Office).

The Hub Office has established a program pursuant to which it certifies to interested persons, businesses qualifying as a minority-business. The information solicited from the applicant will be used by the HUB Office to:

 - a. Determine MBE certification, *i.e.* that those certified are MBEs under GS 143-128 as a contractor and/or subcontractor.
 - b. Identify those areas of work for which there are certified MBEs, as requested.
 - c. Provide interested parties with a list of prospective certified MBE contractors and subcontractors.
 - d. Assist in the determination of technical assistance in the certification program that needs to be provided.

In addition to being responsible for the certification of those small and emerging businesses that want to participate in the state construction program, the Minority Business Program will:

- (1) Maintain a current list of certified MBEs and furnish the State Construction Office an updated list of those certified. The list furnished shall include the areas of work in which each MBE is interested.
 - (2) From information furnished by the State Construction Office publicize the contracting and subcontracting opportunities available for each state construction project being advertised.
 - (3) Work with the *NC Institute for Minority Economic Development (Institute)*, the Carolinas Branch AGC, the Carolinas Electrical Contractors Association and the North Carolina Association of Plumbing-Heating-Cooling Contractors to improve the ability of MBEs to compete in the *State Construction Program*.
2. State Construction Office

The State Construction Office will be responsible for the following:

 - (1) For contracts in excess of \$500,000 in estimated cost, furnish to the Historically Underutilized Business Office a minimum of twenty-one days prior to the bid opening the following:

Project description and location;

- (2) Locations where bidding documents may be reviewed;
- (3) Name of a representative of the owner who can be contacted during the advertising period to advise who the prospective bidders are;
- (4) Date, time and location of the bid opening.
- (5) Date, time and location of pre-bid conference, if scheduled.

The twenty-one day advance time period may be reduced to ten days for contracts in the range of \$100,000 to \$500,000 in the estimated cost.

- b. The pre-bid conference, if scheduled, conducted by the representative of the owner, will be open to all known and anticipated prime contractors, subcontractors, material suppliers, and other bidders. During the conference, *the requirements of the G.S. regarding minority-business participation*, including the bidders' responsibilities, will be fully explained.
- c. Reviewing the apparent low bidders' compliance with the items listed in the proposal that must be complied with if the bid is to be considered as responsive. The State reserves the right to reject any or all bids and to waive informalities.

3. Owner

Under the separate-prime contract system, the owner will:

- a. Attend the scheduled pre-bid conference.
- b. Identify or determine those work areas of a contract where MBEs may have an interest in performing contract work.
- c. At least ten (10) days prior to the scheduled day of bid opening the owner will notify certified MBEs of potential contracting opportunities listed in the proposal. The notification will include the following:
 - (1) A description of the work for which the bid is being solicited.
 - (2) The date, time and location where bids are to be submitted.
 - (3) The name of the individual within the agency/institution who will be available to answer questions about the project.
 - (4) Where bid documents may be reviewed.
 - (5) Any special requirements that may exist, such as insurance, licenses, bonds and financial arrangements.

If there are more than three (3) certified MBEs in the general locality of the project who offer similar contracting or subcontracting services in the specific trade, the owner shall notify three (3), but may contact more, if the owner so desires.

- d. Maintain documentation of any contacts, correspondence or conversation with MBE firms made in an attempt to meet the goals.

4. Prime Contractor(s)

Under the single-prime contract system and the separate prime contract system, the prime contractor(s) will:

- a. Attend the scheduled pre-bid conference.
- b. Identify or determine those work areas of a subcontract where MBEs may have an interest in performing subcontract work.
- c. At least ten (10) days prior to the scheduled day of bid opening, notify certified MBEs of potential subcontracting opportunities listed in the proposal. The notification will include the following:
 - (1) A description of the work for which the sub-bid is being solicited.
 - (2) The date, time and location where sub-bids are to be submitted.
 - (3) The name of the individual within the company who will be available to answer questions about the project.
 - (4) Where bid documents may be reviewed.
 - (5) Any special requirements that may exist, such as insurance, licenses, bonds and financial arrangements.

If there are more than three (3) certified MBEs in the general locality of the project who offer similar contracting or subcontracting services in the specific trade, the contractor(s) shall notify three (3), but may contact more, if the contractor(s) so desires.

- d. During the bidding process, comply with the contractor(s) requirements listed in the proposal for minority participation.
 - e. Submit with the bid a description of that portion of the work to be executed by MBEs expressed as a percentage of the total contract price.
 - f. Upon being named the apparent low bidder, the Bidder shall provide the necessary documentation as listed in the contract documents. Failure to comply with procedural requirements as defined in contract documents may render that bid as non-responsive and may result in rejection of the bid and award to the next lowest responsible and responsive bidder.
 - g. During the construction of a project, if it becomes necessary to replace an MBE subcontractor, advise the owner, State Construction Office and the *Director of the HUB Office* of the circumstances involved.
 - h. If during the construction of a project additional subcontracting opportunities become available, make a good faith effort to solicit sub bids from MBEs.
5. Office for Historically Underutilized Business
The Historically Underutilized Business Office oversees this MBE program by:
- a. Monitoring compliance with the program requirements.
 - b. Assisting in the implementation of technical assistance programs.
 - c. Reporting the results of this MBE program through the State Construction Office to the Secretary of the Department of Administration, the Governor and the General Assembly.
6. MBE Responsibilities
While MBEs are not required to become certified in order to participate in this program, it is recommended that they become certified and should take advantage of the appropriate technical assistance that is made available. In addition, MBEs who are contacted by owners or bidders must respond promptly whether or not they wish to submit a bid.

Section 4: DISPUTE PROCEDURES

It is the policy of this state that disputes between an agency and another person that involves a person's rights, duties or privileges, should be settled through informal procedures. To that end, MBE disputes arising under these guidelines should be resolved, if possible, by informal proceedings arranged by the *Director of the Historically Underutilized Business Office* and the Director of the State Construction Office.

Section 5: These guidelines shall apply upon promulgation on state construction projects. Copies of these guidelines may be obtained from the Department of Administration, State Construction Office, (physical address) 301 North Wilmington Street, Suite 450, NC Education Building, Raleigh, North Carolina, 27601-2827, (mail address) 1307 Mail Service Center, Raleigh, North Carolina, 27699-1307, phone (919) 733-7962.

Section 6: In addition to these guidelines, there will be issued with each construction bid package guideline provisions for contractual compliance providing MBE participation in the state construction program.

Advertisement for Designer –

Department/Agency	
Project Title	
Design Services	
Scope of Work	
Contact	
Telephone	
Email	
Total Project Budget	
Source of Funds	
Approved OC-25 #	
Publish Date	
Closing Date	
Submit THREE (3) Copies of Letter of Interest and SF-254 (Mailing Address):	
Physical Location for Fed Ex/UPS Delivery (Delivery Address):	
NC Licensing Statement	<p>In order to offer architectural, engineering, or landscape architectural services in response to this solicitation, the proposing firm must be properly licensed to practice Architecture, Engineering, or Landscape Architecture in the State of North Carolina. More information on the North Carolina state boards may be found at the following websites:</p> <p>NC Board of Architecture: (http://www.ncbarch.org) NC Board of Examiners for Engineers & Surveyors: (http://www.ncbels.org) NC Board of Landscape Architects: (http://www.ncbola.org)</p>

STATE BUILDING COMMISSION - SELECTING CRITERIA

In selecting designers, the selection committee should take into consideration qualification information including such factors as:

1. Specialized or appropriate expertise in the type of project.
2. Past performance on similar projects.
3. Adequate staff and proposed design or consultant team for the project.
4. Current workload and State projects awarded.
5. Proposed design approach for the project including design team and consultants.
6. Recent experience with project costs and schedules.
7. Construction administration capabilities.
8. Proximity to and familiarity with the area where the project is located.
9. Record of successfully completed projects without major legal or technical problems.
10. Other factors which may be appropriate for the project.

STATE BUILDING COMMISSION - SUBMITTAL CRITERIA

Proposing firms must submit THREE (3) copies of the Letter of Interest and THREE (3) copies of your current Standard Form 254 (SF 254) with the information package. The current SF 254 template is located at <http://ncadmin.nc.gov/businesses/construction/forms-documents> which is the State Building Commission approved form.

In the interest of cost-savings to the designers, consistency of the submittals and more efficient use of time by the pre-selection committee, the submitted information package should not include any notebooks, binders, tab, clips, etc. The format should be 8-1/2" x 11" pages stapled in the upper left-hand corner. The Letter of Interest should not exceed ten (10) single-sided pages or five (5) double-sided pages plus the SF 254.

~~E-mail and Fax submittals will not be accepted.~~

Example: Request for Award Design (Sent to SCO)



Randolph Community College

Office of the Vice President of Administrative Services
PO Box 1009 Asheboro, NC 27204-1009 (336) 633-0290

September 24, 2008

Mr. Ryan Scruggs
State Construction Office
1307 Mail Service Center
Raleigh, NC 27699-1307

Dear Mr. Scruggs:

The Board of Trustees of Randolph Community College approved for the College administration to interview and select the architect for project 1703 Klaussner Plant #4 at the June 18, 2008 meeting and approved the 3-1(enclosed) on June 18, 2008. The pre-selection committee, Cindi Goodwin, Ken Kinley and Perry Wallace interviewed three designers on September 3, 2008. The Board of Trustees gave additional approval on September 18, 2008 (see memo attached) for the ranked list to be forwarded to the State Construction Office.

The Klaussner Plant #4 project was advertised August 8, 2008 and closed August 21, 2008. All procedures mandated by the State Construction Office were followed. The recommendation is in ranked order as follows:

1. Smith-Sinnett Architecture – Raleigh, NC
2. Oakley-Collier Architects – Rocky Mount, NC
3. Little Diversified Architectural Consulting – Charlotte, NC

Sincerely,

Daffie H. Matthews
Vice President for Administrative Services

An Equal Opportunity Member of the North Carolina Community College System

Example: Request for Award-Design Build (Sent to SCO)



P.O. Box 8002 • Goldsboro, NC 27533-8002
Tel: 919-735-5151 • Fax: 919-736-9425

www.waynecc.edu

Mr. Michael Shumsky, Director
NC DOA State Construction Office
1301 Mail Service Center
Raleigh, NC 27699-1301

July 29, 2024

Mr. Shumsky,

Wayne Community College is seeking permission of the State Construction Office to pursue the design-build delivery method for the construction of the Agriculture Laboratory Building project. The planned new construction building project is proposed to be delivered on the main campus of Wayne Community College in Goldsboro, NC. The anticipated budget total is \$2,000,000.00. The project provides unique space not currently available on the WCC campus for purpose of increasing graduate output in the agriculture and natural resource field to serve regional demand in that industry. Included as an attachment to this communication is the draft Request for Qualifications (RFQ) that will be publicly posted, pending approval of this request.

This project proposal was approved by the State Board of Community Colleges on April 19, 2024, and has been assigned NCCCS project #2830, SCO project #28049. All funding for the project has been secured. Pending approval, efforts will be made to expedite this project to construction to avoid continued market escalation.

Wayne Community College is proud to be a successful pioneer in public capital construction within the North Carolina Community College System using the design-build delivery method with State Construction oversight. If approved, this project will represent the sixth design build delivery contract opportunity for the College, with positive results in both budget and schedule identified. Feedback from SCO and NCCCS indicate positive impacts as a result of incorporating design build delivery on applicable projects.

The enclosed documents address all necessary criteria for utilizing the design-build delivery method for construction contracts in accordance with Session Law 2013-401 (HB 857). WCC submits this as a formal request for approval to identify and propose selection of a general contractor for the named building project using the design-build delivery method.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dreek Hunter', is written over a horizontal line.

Dreek Hunter
Vice President, Operations

Encl:
Establishment of Criteria for a Design-Build Delivery Method
Draft Request for Qualifications

CC: Michael Ali, SCO Asst. Director of Construction Management / FCAP
Greg Brooks, SCO Project Monitor
Dorrine Fokes, NCCCS Director of Capital Finance and Planning

Example: SCO Approval to proceed - Award-Design Build



State Construction Office
Michael J. Shumsky, PE | Director

Roy Cooper | Governor
Pamela B. Cashwell | Secretary

August 6, 2024

Mr. Derek Hunter
Vice President, Operations
Wayne Community College
PO Box 8002
Goldsboro, NC 27533-8002

Dear Mr. Hunter:

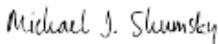
This correspondence is in response to your July 29, 2024 letter requesting approval for Wayne Community College to pursue the Design-Build delivery method for the construction of a new Agriculture Laboratory Building (NCCCS Project #2830, SCO ID#28049) on the main campus.

Pursuant to NCGS §§ 143-341 and 143-128.1A, I have reviewed whether the design-build delivery method is appropriate for the identified project, including the written criteria provided. Based on your submission and consultation with State Construction Office staff; I believe the Design-Build delivery method is appropriate for this project. You may proceed with thoroughly defining the project requirements (scope of work) prior to issuance of a request for qualifications (RFQ) for a Design-Builder.

The State Construction Office values its partnership with Wayne Community College and is available as an additional resource.

Please let me know should you have any questions.

Sincerely,

DocuSigned by:

AF458026AD86447

Michael J. Shumsky, PE
Director for State Construction Office

cc: Dorrine Fokes, Director of Capital Finance and Planning, NCCCS
Greg Brooks, Project Monitor, State Construction Office
Michael Ali, PE, Assistant Director CM/FCAP, State Construction Office
Aaron Lumpe, PE, Construction Contracts, State Construction Office

Attachment

Mailing
1307 Mail Service Center | Raleigh, NC 27699-1307



ncadmin.nc.gov

Location
301 N Wilmington St #450 | Raleigh, NC 27601
984-236-5400 T

Advertisement For Bids

ADVERTISEMENT FOR BIDS

Sealed proposals will be received until _____
(Time)

on _____, in _____
(Date) (Location)

, for the construction of

(Project)

at which time and place bids will be opened and read.

Complete plans and specifications for this project can be
obtained from

(Designer Name and Address)

during normal office hours after _____(Date)

Plan Deposit _____

The state reserves the unqualified right to reject any and all
proposals.

Signed:

(Owner)

Example: Request for Award the Construction Contract – Sent to SCO



Facilities and Construction

Glenn Sheppard Assistant VP
 Telephone 252-493-7593
 Fax Number 252-321-4548
 Website www.pittcc.edu
 Email glsheppard083@my.pittcc.edu

Date: June 28, 2024

To: Aaron Lumpe, PE, NC State Construction

From: Glenn Sheppard
 Pitt CC-AVP of Facilities and Construction

Re: Welding Technology-Recommendation to Award Construction Contract
 NCCCS# 2675 SCOID#22-25191-01A

Mr. Lumpe,

Good afternoon. This recommendation to award the construction contract of the Welding Technology Building to J.M. Thompson Company, Raleigh, NC. On May 9, 2024 at 3:00 p.m. bids were received for the above referenced project according to NC-SCO and NCCCS requirements. Below is the project award breakdown.

	Budget		\$16,412,296.00
Base Bid	Yes	\$13,890,000.00.00	
Alt 1: Additional Classrooms	Yes	\$380,000.00	
Alt 2: Class Canopies	Yes	\$215,000.00	
Alt 3: Fire Alarm Simplex/JCI	Yes	\$73,800.00	
Alt 4: Preferred Bldg. Controls-Schneider	Yes	\$0.00	
Alt 5: Preferred Boiler-Lochnivar	Yes	\$0.00	
Alt 6: Preferred Chillers-Trane	No		
Alt 7: Preferred Hardware-Corbin Russwin	Yes	0.00	
Alt 8: Add Entrance Canopy	Yes	\$83,000.00	
Alt 9a: Add Welding Stations Intro Lab	Yes	\$940,000.00	
Alt 9b: Add Welding Stations Advance Lab	Yes	\$314,000.00	
Total to Award			\$15,895,800.00
Contingency 3%		\$476,874.00	
Design Fees		\$1,160,544.00	
Owners Reserves-Testing, Cx, Misc. Costs		\$170,698.00	
Total Project Costs			\$1,808,116.00
			\$17,703,916.00

If approved, I will reach out to NC-SCO regarding initiating issuing a construction contract with the apparent low bidder. Thank you for your assistance.

Example: SCO - Award of a Construction Contract



State Construction Office
Michael J. Shumsky, P.E. | Director

Roy Cooper | Governor
Pamela B. Cashwell | Secretary

July 5th, 2024

Construction Award

Mr. Glenn Sheppard
AVP of Facilities and Construction
Pitt Community College
P.O. Drawer 707
Greenville, NC 27835-7007

Re: Community Colleges
Pitt Community College
Welding Building
Pitt County

Funds Authorized for Project: \$17,703,916.00
Contract Amount: \$15,895,800.00

Dear Mr. Sheppard,

The State Construction Office approves the award of a construction contract for the above referenced project as indicated below. The construction contract documents will be drafted by the State Construction Office and sent for electronic execution. Please advise the contractor to expedite final execution within the time established by applicable law.

Contractor: J. M. Thompson Company
1002 East Chatham St.
Cary, NC 27511

SCO File#: 22-25191-01A-1

Very truly yours,

Michael J. Shumsky, P.E.
Director, State Construction Office

CC: Ricky Brown, Mark Bondo, Brian Farmer, Cole Justad, Michael Ali, Greg Brooks, Aaron Lumpe,
CIPProjects@NCCommunityColleges.edu, John Farkas – JKF Architecture, P.C., John M. Thompson –
J. M. Thompson Company

NCCCS Instructions:

THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM MINIMUM ENVIRONMENTAL CRITERIA FOR THE NORTH CAROLINA ENVIRONMENTAL POLICY ACT

1. Purpose

The purpose of this memorandum is to establish, for the community colleges of the North Carolina Community College System, minimum criteria for minor operations or small, routine facilities/projects, at or below which no filing of environmental documents will be required. The goal is to ensure adequate protection to the environment while facilitating the many routine operations and small maintenance, repair, or construction projects at the community colleges by allowing separation of activities with a high potential for environmental effects (major) from those with only a minimum potential (non-major).

2. Background

Section .300, Chapter 25 of the Administrative Procedures for The North Carolina Environmental Policy Act (NCEPA) allows state agencies to prepare minimum criteria for exemption of minor, routine projects from the requirements of NCEPA. Specifically, the procedure states that “a state agency may establish specific criteria designating minimum levels of environmental impact.” No filing of environmental documentation under the NCEPA review procedures is required for actions which do not exceed such levels. The provisions which allow environmental documentation not to be filed do not in any way provide exception to the consideration process leading to a decision regarding an activity falling within or outside the minimum criteria thresholds and the potential impact on the environment of such activity; as such, the provisions of this document do not remove the requirement for a project or activity to meet all appropriate and relevant federal, state, and local environmental regulatory requirements.

3. Delegation of Authority

Presidents of the community colleges are responsible for the implementation of these policies with respect to their individual campuses.

Each President, the Chief Business Officer, or their designees shall interpret the provisions of the NCEPA to require that policies and programs be considered in the light of the NCEPA’s comprehensive environmental objectives, except where existing law applicable to the operations expressly prohibits compliance or makes compliance impossible.

4. General Criteria for Major or Non-Routine Activities

The following criteria is intended to provide guidance concerning the definition and handling of actions which have potential for impact on the environment and, therefore, are to be considered for filing of an environmental assessment of the appropriate level.

- a. Major activities will include those activities which exist or have the potential to exist at a level greater than those otherwise excluded by minimum (non-major) criteria.
- b. Major activities will include demolition of or additions, rehabilitation and/or renovations to a structure listed in the National Register of Historic Places or more than 50 years of age. Except where agreement exists with the Department of Cultural Resources that the structure lacks architectural or historical significance.
- c. Major activities will include ground disturbances involving Natural Register listed archaeological sites or areas around buildings 50 years old or older, except where agreement exists with the Department of Cultural Resources.
- d. Major activities taken after preparation of and in conformance with a master plan, management plan, or capital project for which an environmental document was completed, may require an environmental impact statement, an environmental assessment, a finding of no significant impact, or a record of decision. The determination of which type of document is most appropriate will be made after considering:
 - 1) the need for updating information in the earlier broader document as it relates to current conditions and the proposed activity, and
 - 2) the specificity and sufficiency of the earlier, broader document in addressing the effects of the proposed activity.
- e. An item which does not fall within the broad definition of a major activity in all probability will fit the definition of a non-major activity as described below. Persons who have responsibility for the determination concerning an activity falling within the major or non-major category also have responsibility as to the impact on the environment of such activity. The definitions are not fixed criteria but rather are guidelines to be applied by the person with whom the ultimate decision rests concerning appropriate environmental study and documentation.

5. Non-Major Activity

The following minimum criteria are established as an indicator of the types and classes of thresholds of activity at and below which environmental documentation under the NCEPA is not required. The Chief Business Officer or individual Presidents may require environmental documentation for activities that would otherwise qualify under these minimum criteria thresholds.

- a. Standard maintenance or repair activities or facility operations needed to maintain the originally defined function of a project or facility including but not limited to the following:
 - 1) Routine repairs and housekeeping projects which maintain a facility's original condition and physical features, including but not limited to re-roofing and minor alterations where in-kind materials and techniques are used. This also encompasses structures 50 years of age and older and for which no separate law, rule, or regulation dictates a formal review and approval process.

- 2) Any single action which involves relocation of students, faculty, or staff from or into a site using existing community college buildings or leased buildings for which the building occupancy classification is not changed.
 - 3) Routine disposal operations of hazardous chemicals, asbestos, or other environmentally sensitive operations for which a written procedure has been established, reviewed by appropriate authority, and determined to be in consonance with environmental law.
 - 4) The use of chemicals for boiler feedwater treatment, cooling tower water treatment, pesticides, herbicides, cleaning solvents, and other chemical products which maybe considered environmentally sensitive, provided the materials are stored and utilized in keeping with the applicable Material Safety Data Sheet (MSDS).
 - 5) The handling of asbestos incident to a repair, maintenance, or minor construction project; provided, that the amount of asbestos material is removed, stored, disposed, and handled in accordance with published Department of Environmental Health and Natural Resources procedures for processing asbestos.
 - 6) Routine grounds maintenance and landscaping and grounds construction such as sidewalks, trails, walls, foot bridges, gates, and related facilities including outdoor exhibits. Each community college should obtain any required permits and adhere to any riparian buffer rules in the construction of any routine projects that impact wetland areas and streams.
 - 7) Maintenance activities to roads, bridges, parking lots, and their related facilities. Note, this applies to routine maintenance operations and not to extension or expansion of the facility.
 - 8) Maintenance and repair of utilities on their existing rights-of-way.
 - 9) Surface drainage systems, including modifications which reduce the discharge of freshwater or otherwise mitigate existing negative environmental effects.
 - 10) Boat ramps, docks, piers, bulkheads, and associated facilities - when constructed in accordance with 15ANCAC 12C.0300.
 - 11) Activities necessary to fulfill the existing requirements of in-effect permits for the protection of the environment and human health.
 - 12) Other maintenance and repair activities on projects which are consistent with previously approved environmental documents.
- b. Sampling survey, monitoring and related research activities including but not limited to the following:
- 1) Aerial photography projects involving the photographing or mapping of the lands of the state.
 - 2) Biology sampling (with necessary state collection permits or licenses) and monitoring of:
 - (i) Fisheries Resources through the use of traditional commercial fishing gear, electricity, and rotenone; and
 - (ii) Wildlife resources through the use of traditional techniques, including but not limited to traps, drugs, and firearms.
 - 3) Soil survey projects involving the sampling or mapping of the soils of the state.
 - 4) Establishing stream gaging stations for the purpose of measuring water flow at a particular site.
 - 5) Placement of monitoring wells for the purpose of measuring groundwater levels, quantity, or quality.
 - 6) Gathering surface or subsurface information on the geology, minerals, or energy

- resources, of the state.
- 7) Placement and use of geodetic survey control points.
 - 8) Other routine survey and resource monitoring activities, or other temporary activities required for research into the environment which have minimum long-term effects.
 - 9) Minor construction, demolition, or real estate acquisitions activities, (except that sensitive areas may require exceptions to these thresholds) including but not limited to the following: Any new construction activity meeting the following criteria as appropriate:
 - (i) A building or structure less than 10,000 square feet in footprint and the use of the structure does not involve the handling or storage of hazardous materials; and/or
 - (ii) Grading or disturbing less than one (1) acre of previously undisturbed ground (exclusion of this category does not in itself preclude development of a sedimentation plan as part of the design);
 - 10) Routine paving or repair of existing roads and parking lots (provided that no ground disturbance will be involved necessitating development of a sedimentation plan); and/or
Construction of a two-lane road of less than 500 feet in length in accordance with DOT accepted design practices and DOT standards and specifications involving less than a total of 25 cumulative acres of ground surface limited to a single project and not contiguous to any other project making use of this provision, and provided that other laws concerning siltation/sedimentation plans are observed.
 - 11) Demolition of or additions, rehabilitation and/or renovations to a structure not listed in the national Register of Historic places or less than 50 years of age.
 - 12) Acquisition of real estate for which the use of the property does not vary from its intended purpose or function at the time of acquisition or is consistent with local land use plans.
 - 13) Potable water or other utility systems such as the following:
 - (i) Construction of new wells for water supply purposes should not exceed the minimum criteria of the permitting agency and not located in sensitive areas; and/or
 - (ii) Improvements to water treatment plants that involve less than 1,000,000 gallons per day added capacity, or improvements not intended to add capacity to the facility that have design withdrawal less than one-fifth of the 7Q10 flow of the contributing stream; and/or
 - (iii) Installation of water lines or other utility lines in proposed or existing rights-of-way for streets or utilities, or new water lines less than five miles in length having only directional bore stream crossings or no stream crossings; and/or
 - (iv) Construction of water tanks, or booster pumping and/or re-chlorination pump stations.
 - (v) Sewer line installations not exceeding minimum criteria of the permitting agency and not located in sensitive areas.
 - 14) Groundwater withdrawals not exceeding the minimum criteria of the permitting agency and not located in sensitive areas.
 - 15) Solid waste disposal activities such as the following:

- (i) Construction of solid waste management facilities, other than landfills exempt pursuant to NCGS 130A-294 (a) (4), which store, treat, process incinerate, or dispose of less than 350 tons per day (averaged over one year) of solid waste; and/or
 - 16) Disposal of solid waste by land application on 100 total acres or less and where less than 10 percent (10%) of the total land application area is converted from a non-plantation forested area; and/or Land disturbing activities which are not located within High Quality Waters (HQW) Zones or Trout Water Buffer Zones, and land-disturbing activities that will disturb less than one (1) acre within a HQW Zone or a Trout Water Buffer Zone.
 - 17) Development activities within Areas of Environmental Concern (AECs) of the 20 county coastal area which do not require a Coastal Area Management Act (CAMA) Major or Minor Permit pursuant to T15A NCAC 7K. Also minor construction activities may be undertaken in Areas of Environmental Concern which **do not require** a Coastal Area Management Act Permit except activities which might require a NCEPA Environmental Document under provisions of another state approval or authorization.
 - 18) Development activities within AECs of the 20 County coastal area which require a CAMA Major or Minor Permit and which meet all applicable criteria set forth in T15A NCAC 7H-State Guidelines for Areas of Environmental Concern, except the following:
 - (i) New marinas
 - (ii) New navigation channels
 - (iii) Excavation of materials from aquatic environments for use for beach nourishment or other purposes not directly related to approved navigation projects.
 - (iv) Any activity which might require a NCEPA environmental document under provisions of another state approval or state or local governmental agency requirement.
 - 19) Air emissions of pollutants from a minor source or modification as defined in 15A NCAC 2D.0503, that are less than 100 tons per year or 250 tons per year as defined therein.
 - 20) Reclamation of underground storage tanks. Note: The reclamation is considered to be a minor activity. Consideration of products which may have leaked from the tank and restoration of groundwater quality is not authorized for non-consideration by classification as a minor activity.
 - 21) Dams less than 25 feet in height and having less than 50 acre-feet of storage capacity.
 - 22) Construction or remodeling of swimming pools.
- c. Management activities including but not limited to the following:
- 1) Replenishment of shellfish beds through the placement of seed oysters and/or shellfish clutch on suitable marine habitats.
 - 2) Creation and enhancement of marine fisheries habitat through the establishment of artificial reefs in accordance with the Division of Marine Fisheries' Artificial Reef Master Plan.
 - 3) Placement of fish attractors and shelter public waters managed by the N. C.

Wildlife Resources Commission.

- 4) Translocation and stocking of native or naturalized fish and wildlife in accordance with appropriate agency species management plans, watershed management plans, or other approved resource management plans.
- 5) Reintroduction of native endangered or threatened species in accordance with State and/or Federal guidelines or recovery plans. Production of native and agricultural plant species to create or enhance fish or wildlife habitat and forest resources, including fertilization, planting, mowing, and burning in accordance with fisheries, wildlife, and/or forestry management plans.
- 6) Forest products harvest in accordance with the National Forest Service or the N. C. Division of Forest Resources forest products management plans.
- 7) Reforestation of woodlands in accordance with the National Forest Service or the N. C. Division of Forest Resources woodlands management plans.
- 8) Use of forestry best management practices to meet the performance standards in Forest Practice Guidelines Related to Water Quality codified as 15A NCAC 11.
- 9) Control of forest or agricultural insects and disease outbreaks, by lawful application of labeled pesticides and herbicides by licensed applicators, on areas of no more than 100 acres.
- 10) Control of species composition on managed forest lands as prescribed by approved forest management plans by the lawful application of herbicides by licensed applicators.
- 11) Control of aquatic weeds in stream channels, canals and other water bodies, by the lawful application of labeled herbicides by licensed applicators, on areas of no more than two acres or 25 percent of surface area, whichever is less.
- 12) Controlled or prescribed burning for wildlife, timber enhancement, and hazard reduction in accordance with applicable management plans.
- 13) Plowing fire lines with tractor plow units, or other mechanized equipment, for the purpose of suppressing wildland (brush, grass, or woodland) fires and prescribed burning.
- 14) Scooping or dipping water from streams, lakes, or sounds with aircraft or helicopters for the purpose of suppressing wildland (brush, grass, or woodland) fires.
- 15) Drainage projects where the mean seasonal water table elevation will be lowered less than one foot over an area of one square mile or less than one foot over an area of one square mile or less, and riparian and wetland areas will not be permanently effected.
- 16) Manipulation of water levels in reservoirs or impoundments in accordance with approved management plans, for the purpose of providing for water supply storage, flood control, recreation, hydroelectric power, fish and wildlife, and aquatic weed control.
- 17) Specific modifications in previously permitted discharges resulting in an increased flow of less than 500,000 gallons per day.
- 18) Installation of on-farm Best Management Practices for the N. C. Cost Share Program for Nonpoint Source Pollution Control codified as 15A NCAC 6E.
- 19) Continuation of previously permitted activities where no increase in quantity or decrease in quality are proposed.
- 20) Acquisition or acceptance of real property to be retained in a totally natural condition for its environmental benefits, or to be managed in accordance with plans for which environmental documents have been approved.
- 21) Care of all trees, plants, and groundcovers on community college lands.

- 22) Activities authorized for control of mosquitoes such as the following:
- (i) Mosquito control water management work in freshwater streams performed under Stream Obstruction Removal Guidelines of the American Fisheries Society or other guidelines reviewed through the Intergovernmental Review process. Mosquito control water management work in salt marsh environments performed under Open Marsh Water Management guidelines reviewed through the intergovernmental Review process.
 - (ii) Lawful application of chemicals approved for mosquito control by the United States Environmental Protection Agency and the State when performed under the supervision of licensed operators.
 - (iii) Lawful use of established species to control mosquitoes.

6. Exceptions to Minimum (Non-Major) Criteria

Any activity falling within the parameters of the minimum criteria set out in this memorandum will not routinely be required to have environmental documentation under the NCEPA; however, the President, Chief Business Officer, or their designees may determine that environmental documents under the NCEPA are required in any case where one of the following findings applies to a proposed activity.

- a. The proposed activity could cause significant changes in industrial, commercial, residential, agricultural, or agricultural land use concentrations or distributions which would be expected to create adverse water quality, air quality, or ground water impacts; or affect long-term recreational benefits, shellfish, wildlife, or their natural habitats.
- b. The proposed activity has indirect effect, or is part of cumulative effects, not generally covered in the approval process for the state action, and that may result in a potential risk to human health or the environment.
- c. The proposed activity is of such an unusual nature or has such widespread implications that an uncommon concern for its environmental effects has been expressed to the North Carolina Community College System Office or the community college.
- d. The proposed activity may have a potential for significant, adverse, and direct effects on a "sensitive area" which include but are not limited to the following:
 - 1) Wetlands delineated by the US Army Corps of Engineers in accordance with 33 CFR 328.3 and 40 CFR 230.3;
 - 2) Historical and Archeological sites protected by the National Historic Preservation and Conservation Act and National Executive Order 11593 and State Executive Order 16 administered by the NC Department of Cultural Resources;
 - 3) National Historical Landmarks as designated in accordance with the Historic Site Act at 16 USC 461;
 - 4) State Parks Lands administered in accordance with G.S. 113-44.9;
 - 5) State owned Game Lands administered in accordance with G.S. 113-264 and 306 (d);
 - 6) State owned Forest Land administered in accordance with G.S. 113-22;
 - 7) State Nature Preserves and Dedicated Natural Areas administered in accordance with G.S. 113A-164.1;
 - 8) Primary and Secondary Nurseries designated in accordance with 15A NCAC 3R.0003 and 10C NCAC .0503, and Critical habitat Areas designated in accordance with 15A NCAC 31.0001; and 101 NCAC .0001 (5);
 - 9) State High Quality Waters designated in accordance with 15A NCAC 2B.0201 (d); this includes waters classified as WS-I, WS-II, SA and ORW (Outstanding Resource Waters):

- 10) State Natural and Scenic Rivers designated in accordance with G.S. 113A-30;
- 11) North Carolina Coastal Reserves designated in accordance with G.S. 113A-129.1;
- 12) State Lakes administered in accordance with G.S. 146-3; and
- 13) Lands which contain animal or plant species protected by the Federal Endangered Species Act (administered by the U.S. Fish and Wildlife Service), State Endangered and Threatened Wildlife and Wildlife Species of Special Concern Act (G.S. 113-311 administered by the North Carolina Wildlife Resources Commission), State Plant Protection and Conservation Act (G.S. 106-202.12 administered by the North Carolina Department of Agriculture).

Environmental Assessment Guidelines

**THESE GUIDELINES HAVE BEEN MODIFIED FOR USE BY THE NC COMMUNITY COLLEGES
(March 1999)**

These standardized guidelines are for use when preparing an Environmental Assessment (EA) to comply with the **State Environmental Policy Act (SEPA)** and its rules in the North Carolina Administrative Code (1 NCAC 25 .0500) The purpose of the EA is to provide a college with enough information to determine if a planned project has a level of impact on the environment requiring the preparation of an Environmental Impact Statement (EIS) or if a Finding of No Significant Impact (FONSI) is the appropriate conclusion.

1. Prepare a cover letter including the following:

- Title/name of proposed activity
- Responsible college
- Name, address/phone #/Fax # and e-mail address of college contact person
- Preparer of the document (if *not* the college, include address, phone#/fax#, e-mail)
- List of other cooperating agencies, if applicable

Prior to completing an EA, be sure that the proposed project meets the NC Community College System's (System) minimum criteria for requiring compliance with SEPA and that you are following the System's procedures and required forms. This information can be obtained from the System Office.

2. Complete all sections (A-I).

A. Proposed Project Description

Describe the entire project. Explain how it fits into any larger project or master plan. If this is a phased project, identify future and previous planned phases and their timing. Details should include, but are not limited to, the following, as applicable:

- number of acres of land to be disturbed
- square footage and height in stories of new buildings
- square footage or acreage of footprint of entire project
- number of parking spaces in parking lot(s) or deck
- proposed use(s) of any building(s)
- location of project (county/municipality) and reference to location map(s) in Section H
- site improvements to be made, such as grading, filling, landscaping, etc.
- connections to existing utility and sewer lines and/or new utility installation
- amount of paved and otherwise impermeable surface
- construction of any storm water control devices

B. Purpose and Need for Proposed Project

Discuss why this project is necessary and how it fits into the project sponsor's mission. Include any unique aspects of the project. *For example, is the project needed to bring together functions that are scattered, to alleviate crowded facilities, to expand, upgrade or replace unsafe or inadequate facilities, or to create a new needed facility/service?*

Alternatives Analysis
Discuss all reasonable alternatives to the proposed project, including the alternative of no action. If more than one site was considered, discuss the site selection process and the factors considered in selecting the proposed site. Factors considered could include real estate considerations, space, utilities, transportation, environmental consequences, etc. **Conclude why the proposed site or project is the preferred alternative.**

C. Existing Environmental Characteristics of Project Area

The existing or affected environment should be discussed in terms of what **currently** exists on the site and in the surrounding area.

If no site resource information exists for a given topic, make a statement to that effect and **provide a reference to a study or document which supports your statement.** *For example, if there are no wetlands on the site, reference a wetlands delineation that was done in the past or, at a minimum, a field survey that was conducted.*

For some topics, such as land use, wetlands, water supplies, shellfish or fish and their habitats, and wildlife and their habitats, discussion should also include the surrounding area if there is any possibility that the proposed project could have any impact on it. *For example, if the site itself does not contain any wetlands, but there are wetlands downstream that could be affected by the increased surface water runoff from the site, they should be identified.*

(1) Topography

Briefly describe the topography of the project area including landforms, slopes, and elevations. A brief description of the geology of the site can be added if available. Is the site within the 100-year flood plain? National Flood Insurance Program (NFIP) maps should be used to determine whether the project will encroach on the base (100-year) flood plain.

(2) Soils

Describe the dominant soil(s) in the project area as well as any soil types that might prove to be a constraint to the proposed project. This would include any fill, wetland soil types, etc.

(3) Land Use

Describe the current use of the land at the site and the surrounding acreage. Additionally, discuss how the current land use fits into the land use of the entire area in terms of conservation, development, and ecological function. If applicable, identify the current zoning classification of the project site and surrounding area.

(4) Wetlands

Describe the existence of any wetlands on-site or near the site. Indicate any wetlands on the map in Section H. Include a list of the type, quality, and delineation. Describe the primary function of the wetland (*e.g., flood control, wildlife habitat, groundwater recharge*), and other factors that indicate the relative importance of the function to the total wetland resources of the area.

(5) Prime or Unique Agricultural Lands

Is any of the proposed site classified as prime or unique agricultural land? Reference some authority. Local soil and water conservation districts can be of assistance in classification of these areas.

(6) Public Lands and Scenic, Recreational, and State Natural Areas

Discuss the existence of any formally designated park land, scenic or recreational areas, or state natural areas on or adjacent to the site.

(7) *Areas of Archaeological or Historical Value*

Reference any studies that have been done on this site. If no studies are available discuss if and how the site has been previously disturbed. List any buildings on the site and their approximate age.

(8) *Air Quality*

Identify the area's air quality classification, acknowledging if it is in transition and why. Discuss the current sources of emissions for the site. Discuss any previous odor problems or complaints due to any existing facilities.

(9) *Noise Levels*

Discuss the current noise levels on the site with a measurable benchmark, if possible.

(10) *Water Resources (Surface Water and Groundwater)*

Note: Since these topics tend to overlap and are interrelated, discuss them together under a single heading.

Identify surface waters and groundwater (aquifers) in the project area. For surface waters, identify the name, location (included on the enclosed map in Section H), classification, and use support ratings. Identify the river basin where the project is located. If there are unnamed streams, estimate the average flow. Discuss groundwater in terms of use, quality, quantity, depth, and recharge.

(11) *Forest Resources*

List type (*for example, hardwoods/pines*) at or near the site.

(12) *Shellfish or Fish and Their Habitats*

Are there categories of shellfish beds/fish habitats at or near the site? Are these closed beds, highly productive areas, or spawning areas?

(13) *Wildlife and Natural Vegetation*

Identify any wildlife habitat that exists on or near the project area. List specific species of dominant plants and animals that are indicative of the kind of habitat that exists, as well as any threatened or endangered species.

D. Predicted Environmental Effects of Projects

In this section the discussion should center on the **direct, indirect, and cumulative impacts** the project will have on the same topics covered in the previous section with the addition of "(14) Introduction of Toxic Substances." Identify both the construction and operational impacts. If there will be no impact in any specific topic area (#1-13 above), that should be stated. If the impact is small and deemed to be insignificant, describe the impact and then make a statement to that effect at the end of the discussion for **each** topic. In all categories, quantity impacts where feasible (*i.e., in terms of acres, linear feet, etc.*).

If, in Section D, "Existing Environmental Characteristics of Project Area," it was shown that a resource did not exist on or near the site, then indicate "Not Applicable (N/A)" in the appropriate section. *For example, if there are no wetlands on the site or near the site that could be impacted by the project, then there cannot be any environmental consequences to wetlands from the project and there need not be any mitigative measures. Therefore, the topic of wetlands does not need to be addressed in this, or the next section and "N/A" should be indicated under #4 of this section.*

(1) Topography

Will this project change the existing topography? Identify and evaluate any encroachments of the project on flood plains.

(2) Soils

Will this project cause any soil disturbance or contamination? If soil is to be moved, how

many square yards/feet will be moved and to what location? If soil is expected to be contaminated, discuss the contaminant.

(3) Land Use

How will the land use change due to the project and how will the new use(s) fit into the intended land use of the entire area in terms of conservation, development, ecological function, and quality of life? Will local zoning or land use plans need to be changed?

(4) Wetlands

Will there be any direct or indirect impacts on wetlands from the project? If wetland is to be filled, how many acres are involved and what kind of authorization (permit) is required? Will the diversion/addition/withdrawal of surface water impact existing wetlands? Construction activity as well as long-term operational activity should be considered.

(5) Prime or Unique Agricultural Lands

How will the project affect the identified prime or unique agricultural land? How much acreage will be lost and how much retained in that use? What will be the impact of the loss?

(6) Public Lands, Scenic and Recreational Areas

How will the project impact any formally designated park land, scenic, recreational or state natural areas on or adjacent to the site? Again, quantify the amount of loss. Also, discuss the loss of any informal scenic or recreational site functions.

(7) Areas of Archaeological or Historical Value

How will the project affect any areas of archaeological or historical value? Will any building be demolished or renovated? If yes, include photographs of buildings on the site.

(8) Air Quality

How will the ambient air quality be affected by the project? Remember to discuss both the construction and the operation of the project. Consider cumulative impacts as this project is added to the existing development. Will there be any open burning? If parking is involved and there will be more than 750 spaces, a Complex Air Source permit will be required. Confirm if the project will increase odor levels or increase the possibility for odor complaints.

(9) Noise Levels

Will the project increase noise levels? If so, when (days of the week and hours of day)? At what distance will increased noise levels be heard? Will surrounding properties be affected by noise level?

(10) Water Resources

How will the project impact the following during construction and operation: surface water quality and quantity, and groundwater quality and quantity? Address any changes in the amount of impervious surface at the project site and storm water runoff (*i.e., no-point source pollution*). When discussing these impacts, include impacts on erosion rates at the site and downstream, sedimentation changes, changes in downstream water quality (e.g., eutrophication impacts), etc.

(11) Forest Resources

If any forests are destroyed by this activity, describe forestry practices to be used.

(12) Shellfish or Fish and Their Habitats

What kinds of impacts on shellfish, fish, or their habitats will the project have either during construction or operation? Again, consider on-site and nearby aquatic habitats.

(13) Wildlife and Natural Vegetation

How much of the existing natural vegetation will be destroyed or altered by the project? If the wildlife will be displaced, are there surrounding areas that provide similar types of habitat or does the project encompass any possible relocation areas nearby? What is the long-term effect if more development is planned for the area?

(14) Introduction of Toxic Substances

Will any toxic substances be introduced during construction or operation of the project? If so, name them and identify how they will be used. Discuss any measures that will be taken to

ensure that toxic substances will be treated in accordance with all appropriate regulations so that there will be no significant environmental impact.

E. Mitigative Measures

The only topics that need to be covered in this section are those which were deemed to be significantly affected by the proposed project in Section E, "Predicted Environmental Effects of Projects." List all of those topics in the same order as above and discuss for each one what measure are going to be taken to mitigate the effects of the project. *For example, wetlands created to offset wetland loss, or if habitats of any kind is going to be created, it should go in this section.* If the project will cause an increase in emissions, what steps are being planned to minimize or reduce future emission increases? If storm water control practices are going to be implemented, what kinds and what level of rainfall events will they accommodate? Provide quantitative data.

F. References

List in alphabetical order any documents referenced in the EA.

G. Exhibits

Include a reproducible 8 1/2" x 11" site location map or maps showing the site of the proposed project and any significant features such as wetlands, parks, historic sites, etc. Also include a most recent USGS topographical map (7.5 minute quadrangle) with project and boundaries shown.

H. State and Federal Permits Required

List any permits that are to be obtained for this project.

FOR COLLEGE USE ONLY

Conclusion Statement *(Must be completed and signed by the college and submitted with the EA document to the State Clearinghouse.)*

Select the appropriate statement below:

_____ After preparation/review of this EA, the college has concluded there is a *Finding of No Significant Impact (FONSI)* and will not be preparing an *Environmental Impact Statement (EIS)*. (Attach any additional information regarding this conclusion that you deem important to this finding.)

_____ The college has completed this EA and is hereby submitting it for review and comment. After consideration of the comments received, the college will proceed with a *FONSI* or prepare an *EIS*.

_____ **Signed**

_____ **College**

Submission Instructions

Note to non-college document preparer:

Documents completed for colleges must first be sent to the college for approval and completion of the *Conclusion Statement* prior to State Clearinghouse submission. Contact the college for its submission procedures.

An EA should not exceed 25 pages in length, excluding exhibit materials. **Sixteen (16) copies** of this document with the cover letter and *Conclusion Statement* should be submitted to the State Clearinghouse, N.C. Department of Administration, Room 5106C, 116 West Jones Street, Raleigh, North Carolina 27603. **Mailed copies** need to be sent to State Clearinghouse, 1301 Mail Service Center, Raleigh, N.C. 27699-1301. For the review schedule and submission deadline dates, call the State Clearinghouse at (919) 807-2324.

