



TO: Members of the Authority

FROM: Beth E. Sztuk, Vice President
Office of Management and Planning

RE: Operating Authority by Levels - Proposed Operating Scopes and Authority Levels for
Processes Related to Project Charters

DATE: September 18, 2007

The school construction program enacted under the “Educational Facilities Construction and Financing Act,” P.L.2000, c.72, and the “Schools Development Authority Act,” P.L. 2007, c. 137 establishes a comprehensive agenda for the planning and predevelopment activities associated with the design, construction and renovation of schools throughout the State.

In order to effectively execute these responsibilities the By-Laws of the Authority established that the Board “shall designate by resolution those individual directors, officers, employees (or combination thereof) who shall be authorized (either generally or in specific transactions) to approve contracts and to execute documents legally binding on the Authority, or to sign checks and disbursements on behalf of the Authority,” commonly referred to as Operating Authority. The current Operating Authority was originally adopted in July 2005 and the provisions dealing with Change Orders was revised in June 2006.

At the direction of management, the Office of Management and Planning formed a cross-sectional Task Force to evaluate and recommend modifications to Operating Authority Categories and requisite Levels of Approval, providing appropriate financial controls, oversight, accountability and transparency of operation. The Task Force approached its review with the objective of ensuring that any recommended modifications reflected management-instituted improvements, additional program offerings and experience gained by the Schools Construction Corporation. The analysis and recommendations of the Task Force were presented to Senior Management who refined the recommendations which are presented herein as the proposed Operating Authority.

The attached charts present Operating Authority for the Annual Budget, Authority Plans, Project Charters and Final Project Budget, as well as modified Operating Scopes for all procurement approvals and change orders for construction contracts – the latter two items closely related to the Project Charters. The charts also reflect in red, topics that management felt warrant the presentation of options to the Board. We anticipate presenting and requesting approval of additional recommended changes to the Operating Authority over the next several months which will address, among other topics, real estate matters, invoices and settlement authority.

Most of the changes reflected herein are driven by the newly instituted team approach to project management which has at its foundation, a document referred to as a Project Charter (“Charter”). The

Charter provides comprehensive information on each school facilities project, including school and project type and anticipated student population, and defines the parameters of each project phase with both a preliminary budget and time schedule. Prior to the advancement of any project a Project Charter will be presented to the Board for its consideration and approval. In that way, the board will now be establishing budgets and schedules for each project at the project's inception. The proposed Operating Authority provides that any revisions that result in a scheduling impact or cost estimate change which singularly or in the aggregate do not exceed 15% of the original estimate require approval by the CEO, with Board approval required when that percentage increase is breached.

A final Project Budget will be established for each Charter upon the award of a Construction contract. The proposed Operating Authority provides that the CEO can approve any award up to 115% of the advertised Construction Cost Estimate. Board approval would be required for any award greater than 115% of the advertised CCE. With the approved Project Charter and subsequent Final Project Budget, each project will be managed within the construct of those approvals. The proposed Operating Authority also contains performance triggers on schedule and budget. If a project hits a schedule trigger or change order trigger the project will again appear for the Board's consideration and discussion of the budget and schedules impacts. This will ensure the Board's timely participation in critical project issues.

Other changes to the Operating Authority are for the most part related to the procedural aspects of implementing a project charter. Highlighted below are the proposed changes to the current Operating Authority reflected in the attached charts.

Professional Services Contract Awards - examples include the procurement of an Architect to design a school or a Construction Manger to oversee a project's construction

- Threshold amount for requiring advertisement raised to \$29,000 from \$25,000 with Manager/Director co-approval, instead of Director and above co-approval.
- Awards of contracts utilizing a random selection process, Manager/Director co-approval established at \$500,000 or less, previously requiring Director and above co-approval.
- The amount for Director-level co-approval increased from \$750,000 to awards of \$1.5 million or less.
- VP/Chief and CEO co-approval for both random selection process and the two-step request for qualification/proposal increased from \$1,500,000 to \$2,000,000.

Construction Services Contract Awards – examples include the procurement of a General Contractor to construct an addition and a demolition firm to remove existing structures from a designated project site

- Manager/Director co-approval established at \$5,000,000 or less instead of co-approval between Director/Controller.
- Director-level and above co-approval for awards increased from \$5,000,000 to \$10 million or less.
- Requirement for Board approval increased from \$15,000,000 to \$20,000,000

Goods and Services Contract Awards - provided for broad School Construction Program needs as well as in connection with a specific schools facilities project.

- Amount for requiring advertisement increased to \$29,000 from 25,000 with Manager/Director co-approval rather than Director and above co-approval.
- Request for proposal contracts provide Director-level approval up to \$500,000 instead of Managing Director and above co-approval.
- Request for qualification/proposal contracts require Board approval at the lower threshold of greater than \$500,000

Purchase Orders - approvals for orders placed against competitively procured State or Federal Contracts for furniture and technology items have been created.

Construction Change Orders - reflect a fixed-price methodology. We are recommending approval of the supervisor for time extensions to projects, with CEO notification of any extension greater than 60 days. Based upon the Board approval of the Charter, the following changes are recognized:

- Project Manger level co-approval increased from \$25,000 to \$50,000.
- Senior Manager/Assistant Director level co-approval increased from \$50,000 to \$75,000.
- Regional Director and above co-approval increased from \$100,000 to \$150,000

In this action, the Members are asked to approve the Operating Authority narrative, with its Operating Levels of approval for Operating Scopes attached hereto associated with Project Charters.

Attachments

Prepared by: Susan Pacuta

SDA

Operating Authority

Issued by: *Office of Management & Planning*
Approved by: *NJSDA Board of Directors*

Issued: August, 2007

LEVELS OF OPERATING AUTHORITY POLICY

NEED FOR POLICY

This policy establishes the requirements for approving the activities of the Authority relating to school facilities projects, including land acquisition and relocation, procurement and contract services, change orders, interagency agreements (MOU/MOA), invoice approvals, payment requisitions, non-financial District agreements (Section 13C & 13D) and other miscellaneous processes. Additionally, this policy establishes levels of approval for the operating actions of the Authority, the costs of which are approved in the Authority's annual operating budget. The approval levels in this Operating Authority are designed to ensure that work efforts for all business operations and supporting services are authorized in an appropriate and responsible manner and executed in accordance with the laws of the State.

STATEMENT OF POLICY

It is the policy of the Authority to implement processes that incorporate appropriate internal controls. Toward that end, the following attached schedules are intended to provide a framework for such controls.

This policy expressly prohibits the intentional disaggregation of settlements, project commitments, contract commitments and/or awards, change orders and/or amendments and/or processing of invoicing and/or expenditures for the purpose of lowering the level of required approval.

APPLICABILITY

This policy applies to all Authority divisions, departments and units ("Divisions"). Levels of signature authority are shown in Exhibit 1.

APPROVAL SEQUENCE

The process of authorizing work and commitments is sequenced to require approvals at each level in the process. The sequence of approvals is described as follows:

1. Operating Budget Approval ("SDA Operating Budget")

The Office of Chief Financial Officer (“CFO’s function”) will prepare an annual operating budget, which represents the Authority’s approved expenditure level for non-project general and administrative (“G&A”) expenses. Budget approval by the Board of Directors represents an overall spending limit and not approval of specific projects or work efforts. Budget approval is a prerequisite for subsequent commitment and expenditure of funds for SDA operations. The annual operating budget is to be approved in accordance with Exhibit 1. The CFO’s function is responsible for developing the annual operating budget and monitoring budget policy compliance. The Audit Committee of the Board of Directors is responsible for reviewing the annual budget prior to submission to the Board of Directors, which is responsible for formally approving the annual budget.

2. Planning Approval (“SDA Planning Elements”)

The Office of Management and Planning (M&P) will prepare the Authority’s Plans, including Strategic and Sequencing Plans. Quarterly forecasting will be performed against these plans, which contain the prioritization of schools facilities projects. Board approval for the Authority’s plans is a prerequisite for subsequent school facilities project initiations.

3. Project Charter Approval

For purposes of this policy, a project is defined as all predevelopment, design, construction, goods, and/or services costs necessary to complete a given project or task. Project Charters are drafted by M&P for each school facilities project, and are presented to the Board for approval at two stages, in accordance with Exhibit 1. An Initial Project Charter includes project overview, scope, project estimate and anticipated substantial completion date. A Final Project Charter includes an order of magnitude budget based on the Construction Contract award amount.

4. Notices of Awards, Notices to Proceed, Issuance of Purchase Orders

- a. For project-specific contracts: The issuance of a Notice of Award (“NOA”) is a ministerial act that follows a substantive approval to award a contract and commit funding; the issuance of an Notice to Proceed (“NTP”) is a ministerial act that follows execution by the Authority of a duly approved contract which authorizes spending of the approved contract value against budgeted funding, and each issuance is to be approved in accordance with Exhibit 1.
- b. For non project-specific contracts (e.g., with FF&E manufacturers, task orders, site investigation consultants, etc.): The issuance of a NOA is a ministerial act that follows a substantive approval to award a contract and commit funding; the issuance of an NTP is a ministerial act that follows execution by the Authority of a duly approved contract which authorizes the issuance of purchase orders not to exceed (“NTE”) the approved contract value, and each issuance is to be approved in accordance with Exhibit 1. Purchase orders issued against a non project-specific contract shall not exceed the approved individual project budget for the

relevant project aspect. Any employee who is authorized to issue purchase orders or approve invoices is responsible for first determining that the funding exists in the individual project budget, and that the NTE has not been exceeded.

For definition purposes, non-project work is generally characterized as “routine” work required in the operations of the business such as, and primarily for, G&A type expenditures. These expenditures tend to be non-discretionary in nature.

5. Contract Awards and Commitments

- a. Execution of a contract, purchase order or other written agreement creates an obligation or commitment on the part of the Authority. Awards are to be approved in accordance with Exhibit 1.
- b. Only individuals holding the titles listed in Exhibit I, or their delegates, have the authority to co-approve contract awards and execute contracts. See section on Delegation of Authority below.
- c. Competitive procurement is required for most awards. Non-competitive (sole or single source) or limited competition procurements will require adequate written justification and supporting documentation.
- d. With respect to blanket and/or open purchase orders (“BPO” “OPO”), the total amount of the BPO/OPO shall be considered a commitment for review and approval purposes. Expenditures made against the Board-approved operating budget are to be approved in accordance with Exhibit 1.
- e. Senior Management, working with the Office of the Chief Counsel, shall review the terms and conditions of all contracts and agreements. The Office of the Attorney General of the State of NJ shall approve each contract and agreement as to form prior to execution.

6. Payment Approval

- a. In general, with respect to approval for payment of invoices for the procurement of materials and services, there are two basic types: those associated with contracts and purchase orders, and those not associated with contracts and purchase orders. Payments for both these types are to be approved in accordance with Exhibit 1.

The CFO’s function shall maintain a listing of those items that do not require a purchase order. (Exhibit II)

- b. No individual can both authorize an invoice approval transaction and also approve its payment. That is, someone other than the requisitioner must approve the payment and should be the person best qualified to determine the validity of the receipt of goods and/or services.

DELEGATION OF AUTHORITY

Effective implementation of this Operating Authority policy is the responsibility of all levels of management. The authority, but not the responsibility, to review and approve transactions may be delegated. "Delegation of Authority" is the mechanism used by the Authority to convey authority to deal with extraordinary matters. This type of delegation is described below, but delegation of authority cannot be conveyed below a level deemed appropriate by the CFO and delegations of authority cannot be "re-delegated" to others.

The CEO, COO, Chief Counsel and CFO, Vice Presidents, Managing Directors, Controller, Senior Directors, Regional Directors and Directors may delegate authority to their direct reports up to the level of their (the delegator's) authority. Delegations are conveyed by memorandum (Exhibit III) to the Unit staff and to the CFO's function, identifying the reason for delegation, delegatee's name, title, specific time period of delegation, authorized transactions and the dollar level authority being delegated. The CFO's function will establish and maintain a transaction log (Exhibit V) to record all instances of delegation. Delegations are valid for no more than the specific delegation period listed in the memoranda.

EXCEPTIONS TO THIS POLICY

Any exception to this policy must be brought to the attention of the CEO for his review and approval.

MINIMUM APPROVAL REQUIREMENTS

The signature approval levels established by this policy are intended to establish minimum requirements. Approval requirements may be revised after review and concurrence by the Audit Committee and Board of Directors.

AUTHORIZATIONS NOT COVERED BY THIS POLICY

This policy addresses the levels of approval required to generally manage the ongoing needs of the business, and is not intended to replace formal policies and procedures specific to Authority processes.

RESPONSIBILITIES AND RESERVATION OF AUTHORITY

The Office of Management and Planning, with the Authority's executive management staff has responsibility for policy compliance and will issue guidelines and instructions, as necessary, to promote policy understanding and ensure compliance.

The Office of Management and Planning is responsible for assessing the Operating Authority and Policy Narrative on an annual basis, at a minimum, and for presenting recommended modifications based upon that assessment.

The Office of Management and Planning may add or remove titles from the Operating Levels based on Authority need, with post notification to the Board of Directors and Audit Committee of the Board.

Exhibit I
Operating Authority
Levels of Signature Authority

Exhibit II

ITEMS THAT DO NOT REQUIRE A PURCHASE ORDER and/or PRE-APPROVAL

- Business luncheons, catering bills, etc.
- Classified advertising (job openings, press releases)
- Damage claims
- Doctor bills (pre-employment/back-to-work physicals)
- Education reimbursements (to employee or to school)
- Employment agency bills
- Expense reports
- Expenses relating to off-site meetings
- Fees and financing charges to commercial and investment bankers
- Fees for financial statement audits
- Filing fees for permits (e.g., highway permits, building permits, excavating permit)
- Fiscal agent fees (e.g., mortgage trustee pension actuary, fees to banks)
- Freight bills (common carriers)
- Gasoline credit card billings
- Insurance payments (all types)
- Job applicant interview expenses
- Job replacement fees
- Judgments, penalties and fines
- Licenses, inspections and registration fees
- Media (TV, radio, billboards, newspapers, etc.)
- Payroll-related payments
- Postage
- Procurement credit card billings
- Seminars
- Subscriptions (magazine, newspaper, etc.)
- Travel Agency bills
- Utility bills (e.g., water, sewer, electric, gas and telephone bills)

Exhibit III
Delegation of Authority Memorandum

MEMORANDUM

DELEGATION OF AUTHORITY

To: Office of the Chief Executive Officer

Copy: Office of the Chief Financial Officer

From:

Date:

Due to my anticipated absence from the office due to _____,

I delegate to _____ whose title in my organization is _____, my authority to the extent provided in the Operating Authority and Policy Narrative “Levels of Operating Authority” for the period beginning _____ to _____.

The named employee may exercise my authority in approving:

- Budgets
- Land Acquisition Activities
- Procurement Activities
- Change Order Processing
- Invoice Approvals
- Payment Requisitions
- District Agreements
- Non Program

Delegator’s Signature: _____

Delegator’s Name (Printed or Typed): _____

Proposed Delegatee’s Signature: _____

Approved by: _____ Date: _____

Exhibit IV
Delegation of Authority Transaction Log

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Explanation of Operating Levels -- Titles Within Levels, By Operating Office and Division

	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7 Board of Directors
Office of the Chief Executive Officer				Managing Director, Corporate Governance		Chief Executive Officer	
Office of the Chief Operating Officer Divisions of: Human Resources; Project Services & MIS; Labor Workforce; Contractor & Workforce Compliance; Real Estate Services	Assistant Specialist; Specialist; Sr. Specialist of Real Estate Services	Manager; Sr. Manager; Assistant Director of Real Estate Services Manager of Process, Project Services	Sr Director, Human Resources Director, MIS Director, Contractor & Workforce Compliance Director, RE Services Manager of IT Projects	Managing Director, RE Services Managing Director, Project Services & MIS	Chief Operating Officer		
Office of Chief Counsel				Assistant Counsel	Chief Counsel		
Office of the Chief Financial Officer		Senior Manager, General Accounts Budgets	Director, Contract Account Disbursement	Controller	Chief Financial Officer		
Office of Project Management Divisions of: Technical Resources; Contract Management; Project Management; Safety Management	Project Manager; Safety Manager	Assistant Director; Senior Project Manager; Contracts Manager; Estimating & Scheduling Manager	Regional Director Director, Contract Mgmt. Senior Director, Special Projects Director, Architectural & Engineering	Director of Operations	Vice President		
Office of Management and Planning Divisions of: Program Management; Project Controls; Vendor Services & Risk Management; FF&E & Technology Logistics; Procurement & Contract Services	Manager of Grant Program; Specialist and/or Sr. Specialist, FF&E & Technology Logistics; Manager, Program Management	Manager of Procurement; Manager of Project Controls	Director or Sr. Director of: Procurement & Contracting Services Project Controls RMU & Vendor Services FF&E and Technology Logistics Program Mgmt.		Vice President		

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Recommendation and Approval of Authority Annual Budget, Plans, Project Charters							
Operating Scope Authority Elements Relating to Budgets & Planning	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Approval of NJSDA Annual Operating Budget (All division and department heads are responsible for ensuring all purchases and/or commitments are within their approved annual operating budget.)							Board approval required.
Authority Plans (including Capital Commitment and Strategic Plans)					Recommendation of the Vice President of Management and Planning	Approval of the CEO required prior to Board presentation.	Board approval required (Board notification of any change to an approved Plan required)
Project Charter (including project overview, scope, project cost estimate and anticipated substantial completion date)			Upon recommendation of the Core Team, recommendation of the Sr. Director of Project Controls and the Regional Director of Project Management	Upon recommendation of the Core Team, recommendation of the Managing Director, Real Estate Services	Recommendation of the Vice President of Management and Planning and the Vice President of Project Management	Approval of the CEO required prior to Board presentation.	Board approval required
Revised Project Charter			Upon recommendation of the Core Team, recommendation of the Sr. Director of Project Controls and the Regional Director of Project Management	Upon recommendation of the Core Team, recommendation of the Managing Director, Real Estate Services	Recommendation of the Vice President of Management and Planning and the Vice President of Project Management of changes to project cost estimates -or- Co-approval of the Vice President of Management and Planning and the Vice President of Project Management of schedule changes not impacting school occupancy date	Singular approval by the CEO of changes to project cost estimates which do not exceed 15% of approved initial Project Charter estimate -or- a schedule change of any length, impacting school occupancy date	Board approval required of revisions due to/based upon a DOE modeling change, an emergent change to any ongoing project, substantial increase or decrease to student population or a scope of work change that impacts project type -or- of change of project cost estimates which singularly or in the aggregate exceed 15% of the most recent Board-approved Project Charter estimate
Final Project Budget - based on the CCE in the most recent approved Project Charter					Recommendation of the Vice President of Management and Planning and the Vice President of Project Management	Singular approval by the CEO when the Construction Contract Award resulting from a competitive bidding process does not exceed 115% of the CCE in the most recent approved Project Charter	Board approval required when the Construction Contract Award resulting from a competitive bidding process exceeds 115% of the CCE in the most recent approved Project Charter

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Operating Scope Authority Elements Relating to Budgets & Planning	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Program Contingency Release of Monies for unforeseen project events and/or emergent projects			Upon request of the Core Team, recommendation of the Sr. Director of Project Controls and the Regional Director of Project Management	Recommendation of the Managing Director, Real Estate Services if related to Real Estate Services activity	Recommendation of the Vice President of Management and Planning and the Vice President of Project Management	Singular approval by the CEO when the release of monies does not exceed 15% of the most recent approved Project Charter estimate or final project budget Audit Committee notification required Board notification required	Audit Committee notification required when the release of monies exceeds 15% of the most recent approved Project Charter estimate or final project budget -or- for any emergent project Board notification required
<p>Monthly Reports will be provided to the Board of Directors including: 1. Projects that have expended 75% of their Board-approved Project Charter contingency amount; 2. Projects that are projected to exceed their Board-approved Project Charter contingency amount; 3. Projects that are more than 90 days behind schedule; 4. Projects indicating the possible compromise of an occupancy date, inclusive of recovery plan, as appropriate; and 5. All approved Change Orders during the previous month.</p> <p>Quarterly Reports: will be provided to the Board of Directors regarding all active projects (i.e., those projects that are not deferred or closed-out.)</p>							

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Contracts for Professional Services Consultants - A Competitive Process							
For the procurement and award of contracts for professional services including architectural, engineering and land surveying and related services.							
Categories 1 - 5 (i.e.: architects)							
Operating Scope Professional Services	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
	Approvals for Levels 1, 2 and 3 must be staff from the Office of Management and Planning.						
Category 1, (advertisement not required) Compensation Less Than or Equal To \$29,000		Co-approval with Level 3 or higher for an award that does not exceed the estimate within the most recent approved Project Charter			Co-approval with Level 6 for Contracts with an award amount exceeding the estimate within the most recent approved Project Charter		
Category 2, (random selection process) Compensation Less Than or Equal To \$2,000,000		With an award amount of \$500,000 or less that does not exceed the estimate within the most recent approved Project Charter, co-approval with Level 3 or higher	With an award amount of \$1,500,000 or less that does not exceed the estimate within the most recent approved Project Charter, co-approval with Level 4 or higher		With an award amount of \$2,000,000 or less that does not exceed the estimate within the most recent approved Project Charter, co-approval within Level 5 or higher Co-approval with Level 6 for Contracts with an award amount exceeding the estimate within the most recent approved Project Charter		
Category 3, (request for qualification and request for proposals required) Compensation Greater Than \$2,000,000					Co-approval with Level 6 for Contracts with an award amount of any value that does not exceed the estimate within the most recent approved Project Charter	Co-approval required	Board approval required for Contracts with an award amount that exceeds the estimate within the most recent approved Project Charter
Category 4, Waivers (sole source, exigent circumstances, etc.)					With an award amount of any value, co-approval with Level 6, and with notification to the Board	Co-approval required	Board notification required

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Operating Scope Professional Services	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
	Approvals for Levels 1, 2 and 3 must be staff from the Office of Management and Planning.						
Category 5, Assumption/Assignment of Existing Agreements between Client School Districts and Professional Services Consultants					Approval by Chief Counsel required With an award amount of any value, co-approval within Level 5 or higher, and with notification to the Board		Board notification required
Construction Management Contracts		With an award amount of \$500,000 or less that does not exceed the estimate within the most recent approved Project Charter, co-approval with Level 3 or higher	With an award amount of \$1,500,000 or less that does not exceed the estimate within the most recent approved Project Charter, co-approval with Level 4 or higher		Co-approval with Level 6 for Contracts with an award amount of any value that does not exceed the estimate within the most recent approved Project Charter Co-approval with Level 6 for Contracts not exceeding \$2,000,000 with an award amount exceeding the estimate within the most recent approved Project Charter	Co-approval required	Board approval required for Contracts with an award amount greater than \$2,000,000 that exceeds the estimate within the most recent approved Project Charter
Delegation of Professional Services or Construction Management Contract Award Approval - The Members of the Board delegate approval of a professional services or construction management contract with an award amount greater than \$2,000,000 when the Chief Executive Officer finds that an unforeseen event severely impacts the project schedule originally contemplated and required to meet a School opening date. Delegated approval shall be based on the cost estimate within the most recent Project Cost Report. In the event the award exceeds 115% of the Project Cost Report estimate, the award must be presented for Board approval. Delegated Approval shall be deemed final approval if the award amount is not more than 115% of the Project Cost Report estimate, with post notification to the Board. Alternative opinion: Board approval required if the award exceeds the CCE							Board approval required for Delegated Approval Contracts with an award amount exceeding the Project Cost Report estimate by greater than 15%

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Operating Scope Professional Services	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
	Approvals for Levels 1, 2 and 3 must be staff from the Office of Management and Planning.						
Execution of Professional Services and/or Construction Management Consultant Contracts (after receipt of requisite approvals, including review by the Division of Law)		May singularly execute contracts resulting from a competitive bidding process and approved by Level 5 or lower	May singularly execute contracts resulting from a competitive bidding process and approved by Level 5 or lower		May singularly execute	May singularly execute	
Delegation of Approval of Final Agency Action of Procurement and Bid Protests					VP of Mgmt & Planning may singularly sign Final Agency Action with consultation of Chief Counsel and the Division of Law		
A monthly report to the Board of Directors listing all executed contracts for Professional Services is required.							

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

**Contracts for Construction Services - Competitive Bid Process
For the procurement and award of contracts for contractors and related services.**

Operating Scope Construction Services	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
	Approvals for Levels 1, 2 and 3 must be staff from the Office of Management and Planning.						
Contracts - Construction and Construction-related Services		For Contracts with an award amount of \$5,000,000 or less, co-approval with Level 3 or higher	For Contracts with an award amount of \$10,000,000 or less, co-approval with Level 4 or higher		Co-approval with Level 6 for Contracts with an award amount of any value that does not exceed the estimate within the most recent approved Project Charter Co-approval with Level 6 for Contracts not exceeding \$20,000,000 with an award amount exceeding the estimate within the most recent approved Project Charter	Co-approval required	Board approval required for Contracts with an award amount greater than \$20,000,000 that exceeds the estimate within the most recent approved Project Charter
Delegation of Construction Contract Award Approval - The Board of Directors delegates approval of a construction contract with an award amount greater than \$20,000,000 when the Chief Executive Officer finds that an unforeseen event severely impacts the construction schedule originally contemplated and required to meet a School opening date. Delegated approval shall be based on the CCE as advertised or as amended in any subsequent Addendum, provided such amended CCE does not exceed 115% of the advertised CCE. In the event that the amended CCE exceeds 115% of the advertised CCE, the award must be presented for Board approval. Delegated Approval shall be deemed final approval if the award amount is not more than 115% of the advertised or such amended CCE, with post notification to the Board. Alternative opinion(s): Board approval required if the award exceeds the CCE							Board approval required for Delegated Approval Contracts with an award amount exceeding the estimate within the most recent approved Project Charter by greater than 15%
Execution of Construction or Construction-related Services Contracts (after receipt of requisite approvals, including review by the Division of Law)		May singularly execute contracts resulting from a competitive bidding process and approved by Level 5 or lower	May singularly execute contracts resulting from a competitive bidding process and approved by Level 5 or lower		May singularly execute	May singularly execute	
Delegation of Approval of Final Agency Action of Procurement and Bid Protests					VP of Mgmt & Planning may singularly sign Final Agency Action with consultation of Chief Counsel and the Division of Law		

A monthly report to the Board of Directors listing all executed contracts for Construction and construction-related Services is required.

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

Contracts for Goods and Services - A Competitive Process (Procurement of any services or goods that are to be provided for broad School Construction Program and/or in connection with a specific school facilities project)							
Operating Scope Goods and Services	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
	Approvals for Levels 1, 2 and 3 must be staff from the Office of Management and Planning.						
Category 1 or Compensation does not exceed \$29,000		Co-approval with Level 3 or higher					
Category 2 or Compensation that exceeds \$29,000 and Less Than \$500,000 (Request for Proposals)			Co-approval with Level 4 or higher				
Category 3 or Compensation equal to or greater than \$500,000 (Request for Qualification, Request for Proposal)							Board approval required
Category 4 - sole source, etc.					Co-approval with Level 6 for compensation less than \$500,000	Co-approval required for compensation less than \$500,000	Board approval required for compensation greater than \$500,000
Goods and Services Contracts with no assigned dollar value							Board approval required.
Execution of Goods and Services Contracts (after receipt of requisite approvals, including review by the Division of Law)		May singularly execute contracts resulting from a competitive bidding process and approved by Level 5 or lower	May singularly execute contracts resulting from a competitive bidding process and approved by Level 5 or lower		May singularly execute	May singularly execute	
Delegation of Approval of Final Agency Action of Procurement and Bid Protests					VP of Mgmt & Planning may singularly sign Final Agency Action with consultation of Chief Counsel and the Division of Law		
A monthly report to the Board of Directors listing all executed contracts for Goods and Services is required.							

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

**Purchase Orders Placed on Contracts
For purchases placed on State Contracts, GSA and Goods and Services Contracts previously awarded by the Authority.**

Operating Scope Purchase Orders	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
	Approvals for Levels 1, 2 and 3 must be staff from the Office of Management and Planning.						
Contracts - FF&E and Technology Purchase Orders valued at \$250,000 or less that do not exceed the FF&E and Technology estimate within the most recent approved Project Charter	Co-approval with Level 2 or higher						
Contracts - FF&E and Technology Purchase Orders valued at \$500,000 or less that do not exceed the FF&E and Technology estimate within the most recent approved Project Charter		Co-approval with Level 3 or higher					
Contracts - FF&E and Technology Purchase Orders at any value			Co-approval with Level 3 or higher for orders that do not exceed the FF&E and Technology estimate within the most recent approved Project Charter Co-approval with Level 5 for purchase orders that exceed the estimate within the most recent approved Project Charter		Co-approval with Level 3 for orders that exceed the estimate within the most recent approved Project Charter		

**New Jersey Schools Development Authority
OPERATING AUTHORITY BY LEVEL**

**Change Orders
Construction Change Orders**
Contract Management Department approval is required for Change Order requests over \$100K and with time extensions over 30 days.
Note: Project Budget Manager of each Project Team *must* verify the availability of funds prior to the construction change recommendation made at Level 1.

Operating Scope Change Orders	Operating Levels						
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Approvals for Levels 1, 2, 3 and 4 must be from the Office of Project Management							
Change Order which singularly does not exceed \$50,000 or a CO with a time extension that does not exceed 30 days	Co-approval with supervisor from Level 2 or from succeeding higher levels based only on supervisor availability	Co-approval with Level 1				CEO notification of time extension exceeding 60 days or any time extension impacting occupancy date	
Change Order which singularly does not exceed \$75,000 or a CO with a time extension that does not exceed 45 days	Recommendation required	Co-approval with Level 3 or from succeeding higher levels based only on supervisor availability	Co-approval with Level 2			CEO notification of time extension exceeding 60 days or any time extension impacting occupancy date	
Change Order which singularly does not exceed \$150,000 or a CO with a time extension that does not exceed 60 days	Recommendation required	Recommendation required	Co-approval with Level 4 or from succeeding higher levels based only on supervisor availability	Co-approval with Level 3		CEO notification of time extension exceeding 60 days or any time extension impacting occupancy date	
Change Order which singularly does not exceed \$250,000 or a CO with a time extension impacting the occupancy date of the project	Recommendation required	Recommendation required	Recommendation required		Vice-President of Project Management co-approval within Level 5 or above	CEO notification of time extension exceeding 60 days or any time extension impacting occupancy date	
Change Order which singularly exceeds \$250,000	Recommendation required	Recommendation required	Recommendation required				Board approval required
Change Order which singularly or in the aggregate exceeds: - Board-approved Project Charter contingency - CEO-approved additional contingency	Recommendation required	Recommendation required	Recommendation required				Board approval required
<p>1. Operating Levels - any given lowest required level is expected to seek co-approval from the supervisory level of that position. Lower levels shall have approved actions prior to seeking required level approvals.</p> <p>2. Monthly Reports will be provided to the Board of Directors including: 1. Projects that have expended 75% of their Board-approved Project Charter contingency amount; 2. Projects that are projected to exceed their Board-approved Project Charter contingency amount; 3. Projects indicating the possible compromise of an occupancy date, inclusive of recovery plan, as appropriate; and 5. All approved Change Orders during the previous month.</p>							