

## 51.04 General Requirements and Delegations of Authority on Construction Projects



Revised [August 16, 2023](#) (MO -2023)  
Next Scheduled Review: August 16, 2028  
Click to view [Revision History](#).

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### Policy Summary

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This delegation of authority pertains to construction projects only. A construction project is any work involving the construction, repair, renovation or rehabilitation of buildings, facilities or other permanent improvements on property owned by (and in certain cases leased by) The Texas A&M University System (system) accomplished by a construction contract, member personnel or by purchase order and/or any work which is designed, in whole or in part, by a contracted architect/engineer. This policy delegates to the chancellor the authority to enter into any and all contracts necessary to complete a construction project after the project has been approved by the system Board of Regents (board).

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### Policy

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#### 1. GENERAL REQUIREMENTS

- 1.1 A construction project must not be separated into smaller segments of funding, cost, work or function to avoid the approval by a higher administrative authority.
- 1.2 For any major construction project funded with gift funds, the member must have received 50% of the gift funds and secured another 25% in pledges before approval for construction on the project is received. For any funds not actually received, an unrestricted source of funds must be identified to pay for the project or for the repayment of debt prior to approval for construction.
- 1.3 All auxiliary enterprise construction projects are presented to the chancellor by the member chief executive officer prior to the approval for construction and include a pro forma cash flow statement to the final maturity of the associated debt issued.
- 1.4 All facilities designed and constructed within the system must comply with all applicable state and federal laws and regulations.
- 1.5 A performance bond for the full construction amount underwritten by surety companies authorized to conduct business in the state of Texas is required on all projects over \$100,000. A payment bond for the full construction amount underwritten by surety companies authorized to conduct business in the state of Texas is required on all projects over \$25,000. Both payment and performance bonds must be on forms approved by the

Office of the Attorney General and maintained by the System Office of Facilities Planning & Construction.

- 1.6 Appropriate environmental surveys/evaluations must be conducted on all construction projects. All required provisions must be incorporated in the design and required abatement/mitigation performed and/or clearances obtained.
- 1.7 All requests for bids or requests for competitive sealed proposals for the construction, repair, renovation or rehabilitation of permanent improvements, and for movable furnishings and/or movable equipment must be advertised by methods that provide the best value to the system.
- 1.8 Contract administration of all design and construction projects is required. Contract administrators must verify compliance by all parties with contract requirements and certify that all parts of the contract(s) are completed prior to project close-out and/or occupancy. A database is maintained by the project administrator to track all projects through design and construction and to assure compliance with project requirements.
- 1.9 The completion of all construction projects must include the training of respective member personnel in the operation and maintenance of facility systems before transfer of the facility. The completion of all construction projects must include a recommended maintenance schedule. The member must be required to have sufficient staffing to maintain its facilities and provide annual training of maintenance personnel in the operation and maintenance of its facilities.

## 2. MAJOR CONSTRUCTION PROJECTS

- 2.1 Major construction projects are defined as projects (including certain tenant improvement projects on leased property) for the construction of new buildings, facilities or other permanent improvements and additions to buildings, facilities or other permanent improvements with scopes of \$4,000,000 or more in cost, and projects for the repair, renovation or rehabilitation of existing buildings, facilities or other permanent improvements with scopes of \$4,000,000 or more in cost.
- 2.2 Pre-construction activities include work of an architect/engineer design team, design assistance from a design-build team or construction manager at risk firm, environmental surveys, site survey, soils investigation work, utility re-routing, building and site demolition work and any other activity as required to design the project and prepare the site for construction. Upon board approval of the capital plan, the chancellor is authorized to enter into all contracts necessary for pre-construction.
- 2.3 Projects must be presented to the board for approval when a scope and budget are better defined and prior to any construction contract execution. Any applicable changes are included in the capital plan with an update to any required pro forma cash flow statement. Upon board approval of the project, the chancellor is authorized to enter into all contracts necessary to construct and complete the project.
- 2.4 A life cycle cost analysis (LCCA) is developed by the project administrator during the design for building projects on the capital plan. The LCCA identifies alternatives for

materials and design in order to optimize the operating, maintenance and initial costs over the lifespan of the facility.

### 3. MINOR CONSTRUCTION PROJECTS

Minor construction projects are defined as projects for the construction of new buildings, facilities or other permanent improvements and additions to buildings, facilities or other permanent improvements that are less than \$4,000,000 in cost, and projects for the repair, renovation or rehabilitation of existing buildings, facilities or other permanent improvements that are less than \$4,000,000 in cost. With respect to such minor construction projects, the chancellor or designee is hereby authorized to:

- (a) Appropriate funds to provide project funding;
- (b) Select and contract with architect/engineer design teams and construction contractors;
- (c) Award, execute and administer contracts;
- (d) Perform any actions necessary to complete construction and rehabilitation; and
- (e) Subdelegate any or all provisions of this delegation and report such subdelegations to the board in accordance with System Policy 25.07, *Contract Administration*. The chancellor or System Offices designee specifically reserves the authority to appropriate funds from debt proceeds.

### 4. SUPPLEMENTAL APPROPRIATIONS

The chancellor or designee is hereby authorized to appropriate additional funds, in varying amounts, only after a construction contract has been awarded, to provide supplemental funding for construction projects in progress, provided the supplemental appropriations do not add scope to the project or exceed 10% of the board-approved project budget.

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## Related Statutes, Policies, or Requirements

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[System Policy 25.07, Contract Administration](#)

[System Policy 51.01, Capital Planning](#)

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## Member Rule Requirements

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A rule is not required to supplement this policy.

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## Contact Office

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