

# POLICY

Effective Date: July 1, 2021

Approved by: Exec. Vice President Finance & Administration/CFO  
& Chief Procurement Officer

Authority: [R.S. 38](#)

See Also:

[PS-84](#) (*Custody of Facilities and Premises (LSUAM)*)

[PM-60](#) (*Execution of University System Contracts*)

[TSK-U38.A](#) (*Facility Services Public Works Purchases*)

[FRM-U38.A](#) (*Public Works Thresholds Guide*)

[FRM-U38.B](#) (*Bid/Quotation Tabulation for Public Works*)

## **POL-U38 Methods and Thresholds for Procuring Public Works**

*This policy is to establish the methods for procurement and thresholds to furnish labor and materials for construction-related services for campus facilities or premises.*

*Facility Services serves as the administrative unit responsible for management of any construction, modification, maintenance or other physical alterations to University facilities and premises for each campus. All requests for physical modification of LSU facilities and premises are to be routed through, reviewed and processed by Facility Services/campus designee.*

### **Definitions:**

1. *Facilities and premises* - All land and permanent or temporary buildings, streets, sidewalks, parking lots, signs, utilities, fences, landscaping, and lakes and waterways owned by the State of Louisiana under the jurisdiction of the University or otherwise in the care and custody of the University.
2. *Public Works* - The erection, construction, alteration, improvement, or repair of any public facility or immovable property owned, used, or leased by a public entity.
3. *Capital Outlay Project* - Construction, remodeling, and renovation work with a total cost that exceeds the formal bid threshold managed by the University as per Louisiana Revised Statute 39:112.
4. *Change Order* - any contract modification that includes an alteration, deviation, addition, or omission as to a preexisting public work contract, which authorizes an adjustment in the contract price, contract time, or an addition, deletion, or revision of work.
5. *Project Manager*: Any person who oversees and manages all aspects of a public works project, which includes managing the budget, establishing and maintaining timelines, working with architects, engineers, contractors, and subcontractors, and supervising the overall building process.
6. *Contractor* - Any person or other legal entity who enters into a public contract.
7. *Informal* - Process of soliciting competitive quotations from multiple suppliers using an informal method such as email or fax. The solicitation, and evaluation process may be conducted by the campus Facility Services Department, as per delegated authority, or by the Campus Procurement Department.
8. *Formal* - Process of soliciting written, sealed bids from multiple suppliers. Formal competition requires that the solicitation be publicly advertised, and sealed bid responses are due on a specified date at a specified time at which time an official bid opening will be held. Once reviewed and evaluated through a process managed by Procurement Services with participation from the University Department, a

notice of intent to award or purchase order is issued. Formal solicitations require specification development and/or evaluation criteria. The award shall result in a signed contract. (See also - PRO-U501.A.01 *Invitation to Bid*).

9. *Retainage*: An amount of funds that are withheld until a public works project is complete and a release of lien is obtained.
10. *Payment Bond*: Official documentation that serves as a guarantee of payment to subcontractors by a contractor for labor and materials.
11. *Performance Bond*: Official documentation that serves as a guarantee of satisfactory completion of a public works project.

**Project Procurement Thresholds\*:**

1. Informal Competition
  - a. Goods and Services – up to \$225,000  
**Change orders cannot exceed \$250,000**
  - b. Bid process completed by Campus Facility Services

\* See **FRM-U38.A – Public Works Threshold Guide** for guidance on additional requirements as applicable.

The Facilities Services’ designee shall determine the appropriate solicitation methods to be used in procuring services for the University.

2. Formal Competition
  - a. Goods and Services - \$225,000 or greater and less than \$999,999  
**Change Orders cannot exceed \$1,000,000**
  - b. Bid process completed by Procurement Services
3. Capital Outlay Project
  - a. Goods and Services - \$1,000,000 or greater
  - b. Bid process completed by State Facility Planning and Control (FP&C)

**UNDER NO CIRCUMSTANCES MAY A PROJECT BE ARTIFICIALLY DIVIDED SO AS TO AVOID THE APPLICATION OF COMPETITIVE THRESHOLDS UNDER THIS POLICY.**

**Requirements:**

**The following steps “MUST” be completed**

1. Purchase Orders must be issued regardless of threshold.
2. Proof of insurance and indemnification are required for all thresholds.
3. A notarized affidavit must be provided on all projects over \$5,000.
4. Contract and Recording Requirements: All purchases over \$5,000 require a written contract and recordation in the Parish where the work is being performed.

**Performance, Payment and Labor bonds:**

**1. Required on all projects \$25,000 and above.**

- Contractors shall be required to furnish a Performance and Payment Bond written by a company licensed to do business in Louisiana, in an amount equal to 100% of the Contract amount.
- Surety **must** be listed currently on the U.S. Department of Treasury Financial management Service List (Treasury List) as approved for an amount equal to or greater than the contract amount, *or must* be an insurance company domiciled in Louisiana or owned by Louisiana residents.
- Bond shall be signed by the surety's agent or attorney-in-fact and shall be in favor of Louisiana State University and Agricultural and Mechanical College. ***Performance Bond and Labor and Materials Payment Bond shall be executed on the AIA Standard Form; Document A311 or A312-2010.***
  - All bonds must accompany a corporate seal and power of attorney.
  - *Bonds may be requested on projects below \$25,000 at the project manager's discretion.*

**2. Retainage must be withheld on all contracts over \$5,000.**

- Projects with a contract value up to \$500,000.00 - 10% of the Contract value shall be withheld.
- Projects with a contract value of \$500,000.00, or more - 5% of the Contract value shall be withheld.

*Project managers must provide acceptance of work documents to the contractor to be recorded in the parish where work is performed. A **forty-five (45) day waiting period** must occur and a clear lien has to be returned to accounts payable in order to receive retainage.*