

R-76-1839

RESOLUTION NO. 215896 MAY 5 1976

RESOLUTION ESTABLISHING COUNCIL POLICY
NO. 800-8 REGARDING CONSTRUCTION CONTRACT
BONDS.

BE IT RESOLVED, by the Council of The City of San Diego,
as follows:

That Council Policy No. 800-8, entitled "Construction
Contract Bonds," is hereby established as set forth in the
form of Council Policy filed in the office of the City Clerk
as Document No. 755161.

BE IT FURTHER RESOLVED, that the City Clerk be and he is
hereby instructed to add the aforesaid to the Council Policy
Manual.

APPROVED: JOHN W. WITT, City Attorney

By 
John K. Riess, Deputy

JKR:cav
3/5/76
Or.Dept.E&D
011.1/820

MICROFILMED
MAY 24 1978

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City of San Diego, California

COUNCIL POLICY

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BACKGROUND

In administering City contracts, three types of bonds have been required. Section 94 of the Charter requires that each bidder furnish with his bid such security as shall be specified by Council and, when a contract exceeds \$25,000, that the contractor furnish a faithful performance bond in the amount specified by Council. The Charter further requires that all contracts require a retention of payments sufficient to ensure protection of the City against labor or material liens. While not required by the Charter, a payment bond for the full contract amount has been utilized to ensure this requirement as well as retaining between 5% and 10% of the earned contract payment.

PURPOSE

To establish a uniform policy for bond or security deposits for City contracts to protect the interest of the City and to enhance the ability of small businesses to compete for City contracts.

POLICY

It is the policy of the City of San Diego to adhere to the following bonding requirements for City contracts:

A. Bid Bond

1. Contracts under \$25,000 - Waive the requirement for furnishing any bid security or deposit insuring execution of the contract.
2. Contracts over \$25,000 - Require bid security, in approved form, in the amount of ten percent (10%) to accompany the bid when submitted.

B. Faithful Performance Bond

1. Contracts (under \$25,000) - Require no bond.
2. Contracts (over \$25,000) - Require a bond in the amount of 100% of the contract price be supplied in the manner and form prescribed by the latest edition of the Standard Specifications for Public Works Construction, on file in the City Clerk's office.

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C. Payment Bond

1. Contracts under \$10,000 - Waive the bond requirement, in which case total payment under the contract is to be made 35 days after acceptance of the completed work. No interim or progress payments shall be made and there may be retained from the payment any amounts required to cover claims for labor and materials liens identified with the project. A contractor may, however, still elect to post a payment bond and receive normal progress payments.
2. Contracts between \$10,000 and \$25,000 - Waive the bond requirement. When recommended by the City Manager, interim or progress payments may be made as the work progresses but with a minimum of 20 percent of earned payment retained to cover possible labor and materials liens. A contractor, however, may still elect to post a payment bond and receive normal progress payments.
3. Contracts over \$25,000 - Require a bond in the amount of 100% of the contract price be supplied in the manner and form prescribed by the latest edition of the Standard Specifications for Public Works Construction, on file in the City Clerk's office. Retention shall be made on the contract payments in accordance with the provisions in the Standard Specifications for Public Works Construction.

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MAY 24 1978

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MAY 5 1976

Passed and adopted by the Council of The City of San Diego on
by the following vote:

Councilmen	Yeas	Nays	Excused	Absent
Gil Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Maureen F. O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lee Hubbard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floyd L. Morrow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Gade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Ellis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jess D. Haro	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Pete Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

AUTHENTICATED BY:

PETE WILSON
Mayor of The City of San Diego, California.

EDWARD NIELSEN
City Clerk of The City of San Diego, California.

By *Edward J. Salter, Jr.* Deputy.

(Seal)

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1976 MAR 15 AM 10:05
SAN DIEGO, CALIF.

Office of the City Clerk, San Diego, California

Resolution Number **215896** Adopted **MAY 5 1976**

CC-1276 (REV. 12-75)

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