

RESOLUTION No. 220828 (R-78-1843)

Adopted on MAY 8 1978

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

That Council Policy No. 800-8 entitled "Construction Contract Bonds," be and the same is hereby amended as set forth in Council Policy filed in the office of the City Clerk as Document No. _____.

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 Eugene P. Gordon
Eugene P. Gordon, Deputy

EPG:db
3/27/78
Or.Dept.: Purch.
011.1/820

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COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
CONSTRUCTION CONTRACT BONDS	107. 1.8DQ-8	12-81	1 OF 2

SAN DIEGO, CALIF.

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 materials 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 to 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.~~

C. ~~-----~~ Payment-Bond

1. ~~Contracts under \$10,000 - Waive the bond requirement, in which case total payment under the contract is to be made 30 days after acceptance of the completed work. No insurance or progress payments shall be made and there may be retained from the payments any amounts required to cover claims for labor and materials liens identified~~

DOCUMENT NO. 763498

FILED MAY 19 1978

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

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COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
CONSTRUCTION CONTRACT BONDS	S00-8		2 OF 2

POLICY (continued)

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.

A. Contracts Under \$25,000

1. Requirements for bid security, payment bond and performance bond may be waived.
2. Where recommended by the City Manager normal interim or progress payments may be made on a weekly basis. Payment terms to be otherwise in accordance with the latest edition of the Standard Specifications for Public Works Construction, on file in the City Clerk's Office.

B. Contracts over \$25,000

1. Require bid security, in approved form, in the amount of ten percent (10%) to accompany the bid when submitted.
2. Require a Faithful Performance Bond in the amount of 100% of the contract price.
3. Require a Payment Bond in the amount of 50% of the contract price. All bonds to 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.
4. Where recommended by the City Manager for contracts not exceeding \$50,000, normal interim or progress payments may be made on a weekly basis. Payment terms to be otherwise in accordance with the latest edition of the Standard Specifications for Public Works construction, on file in the City Clerk's office.

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Passed and adopted by the Council of The City of San Diego on MAY 8 1978
 by the following vote:

Councilmen	Yeas	Nays	Excused	Absent
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maureen F. O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bill Lowery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leon L. Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fred Schnaubelt	<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"/>
Larry Stirling	<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.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By Betty Gooding, Deputy.

(Seal)

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 1978 MAR 31 PM 12:50
 SAN DIEGO, CALIF.

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Office of the City Clerk, San Diego, California	
Resolution Number	<u>220828</u> Adopted <u>MAY 8 1978</u>