

CITY OF HOMER
HOMER, ALASKA

ORDINANCE 92-15S

AN ORDINANCE OF THE CITY OF HOMER AMENDING
THE BID DEPOSIT AND CONTRACT BOND POLICY
CONTAINED IN THE PROCUREMENT
POLICY AND PROCEDURES MANUAL

THE CITY OF HOMER HEREBY ORDAINS:

Section 1. The Bid Deposit and Contract Bond Policy of the Procurement Policy and Procedures Manual is hereby repealed and reenacted as follows:

1.0 POLICY

- 1.1 In contracts for public improvements, a Bid Bond and Payment Bond and Performance Bond shall be required for all publicly bid work exceeding \$10,000~~\$5,000~~.
- 1.2 Each bid shall be accompanied by a Bid Bond consisting of a certified or cashier's check payable to the City for a sum not less than five percent of the amount of the bid or accompanied by a bid bond in an amount not less than five percent of the bid with a corporate surety licensed to do business in the State of Alaska. Checks and Bid Bonds will be returned to unsuccessful bidders.
- 1.3 The successful bidder is required to submit a Performance Bond and a Payment Bond with a Surety meeting the standards of AS 36.25.010(a) and satisfactory to the City. The amount of the Performance Bond and the amount of the Payment Bond shall be specified in the bid documents~~invitation for Bid~~. Subject to paragraph 1.5, the minimum amount of the Performance Bond and of the Payment Bond shall be in accordance with the following schedule:

Contract Amount	Payment Bond (Percent of Contract Amount)	Performance Bond (Percentage of Contract Amount)	Total Bonding
\$ <u>105,000</u> to \$100,000	50%	50%	100%
\$100,001 to \$1,000,000	50%	50%	100%
\$1,000,001 to \$5,000,000	50%	50%	100%
over \$5,000,000	50%	50%	100%

- 1.4 If the bidder fails to enter into the contract and furnish the Performance Bond and Payment Bond within fourteen working~~ten~~ days from the date on which the bidder is notified of being the successful bidder, the Bid Bond or check and the amount thereof shall be forfeited to the City.
- 1.5 The City Manager may wholly or partially exempt contractors from the Performance Bond and Payment Bond requirements for contracts over ten~~five~~ thousand dollars and not exceeding one hundred thousand dollars. Any such exemption shall be stated in the bid documents~~Invitation for Bid~~. When such an exemption is given, the City Manager may do any one or more of the following, which shall be set forth in the bid documents~~Invitation for Bid~~:
- a) not require any Payment Bond or Performance Bond;
 - b) accept cash, certified check, bank check, letter of credit, guaranty, or other form of security (but not including any interest in real property), as a Payment Bond or Performance Bond in lieu of sureties meeting the standards of AS 36.25.010(a);
 - c) accept a Payment Bond or Performance Bond in an amount less than that set forth in paragraph 1.3;
 - d) require the contractor to meet the following criteria:
 - (i) the contractor is, and for two years immediately preceding the award of the contract has been, a licensed contractor having his or its principal office in the state;
 - (ii) the contractor certifies that he has not defaulted on a contract awarded to him during the period of three years preceding the award of a contract for which a bid is submitted;
 - (iii) the contractor has submitted a financial statement, prepared within a period of nine months preceding the submission of a bid for the contract and certified by a public accountant or a certified public accountant licensed under AS 08.04, demonstrating that the contractor has a net worth of not less than seventy percent of the amount of the contract for which a bid is submitted;

- (iv) the total amount of all contracts which the contractor anticipates performing during the term of performance of the contract for which a bid is submitted does not exceed the net worth of the contractor reported in the certified financial statement prepared and submitted under subparagraph (iii) of this section by more than seven times; and
- (v) at the time the contract is approved, the amount of the contractor's working capital to the amount of the bid, is not less than twenty-five percent.

The City Manager may require deposits of cash in such amounts and under such terms and conditions as the manager may deem appropriate to protect the interests of the City.

2.0 DEFINITIONS

- 2.1 Bid Bond - A written obligation that the contractor will execute the contract for the price bid.
- 2.2 Performance Bond - A written obligation that a contract will be completed as bid and the end product will be free of liens.
- 2.3 Payment Bond - A written obligation that a contractor will pay all labor, materialmen and subcontractors amounts due them so that liens are not filed.
- 2.4 Surety - A third party who has become legally liable for the debt, default or failure of performance by a City contractor.

3.0 RESPONSIBILITIES

It is the responsibility of each Department Director in conjunction with the Director of Finance to implement the provisions of this policy.

4.0 EXCEPTIONS

None.

5.0 REFERENCES

AS 36.25.010

Section 2. This ordinance is of a permanent and general character and shall be codified by inclusion in the Procurement Policies and Procedures Manual. It shall not be included in the City code.

ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 27th day of April, 1992.

CITY OF HOMER


HARRY E. GREGOIRE, MAYOR

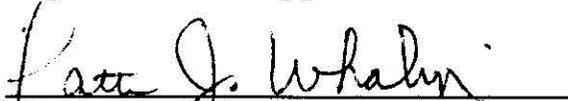
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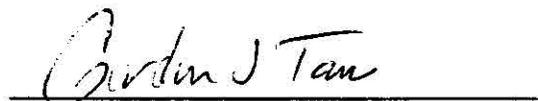

MARY L. SHANNON, CITY CLERK

AYES: 5
NOES: 0
ABSTAIN: 0
ABSENT: 1

First Reading: 03/23/92
Public Hearing: 04/13/92
Second Reading: 04/27/92
Effective Date: 04/28/92

Reviewed and approved as to form and content:


KATTI J. WHALIN
Acting City Manager


GORDON J. TANS
City Attorney