

**CITY OF TRAVERSE CITY
OFFICE OF THE CITY MANAGER
ADMINISTRATIVE ORDER NO. 17**

TITLE: BONDS FOR CITY PROJECTS

DEPTS. AFFECTED: ALL

EFFECTIVE DATE: OCTOBER 2010

The following bonds will be required for City projects and shall be included in specifications:

Staff's Projected Cost	Bond Requirements
\$50,000 and over*	Performance Bond (AIA document A312) in favor of the City in an amount of not less than one hundred percent of the contract price as an assurance by the contractor and contractor's surety that the work will be performed and completed in accordance with the terms of the contract on or before the date specified. Payment Bond (AIA document A312) in favor of the City in an amount of not less than 100% of the contract price as an assurance by the contractor and contractor's surety that all costs for labor, materials and equipment furnished for use in the performance of the contract shall be paid for the protection of subcontractors, labor, equipment and material suppliers. <u>Maintenance and Guarantee</u> – In lieu of a maintenance and guarantee bond, the Performance Bond shall be modified to include the statement "This Bond shall include a maintenance and guarantee obligation as defined in paragraph _____ of the Construction Contract."

Also include in specifications the following or similar statement: "Any required bonds shall not void or nullify any manufacturer's guarantees or warranties."

\$20,000 up to \$50,000	At the discretion of the Department Head.
\$5,000 up to \$20,000	If the estimated cost of <u>material is 70% or more</u> of the total cost of the project, no bonding is required. If the estimated cost of <u>material is less than 70%</u> of the total

cost of the project, bonding requirements will be determined by the Department Head on an individual project basis. Requirements shall be included in specifications, and specifications shall contain the following or similar statement: "Any required bonds shall not void or nullify any manufacturer's guarantees or warranties."

Under \$5,000

No bonding is required, but include the following or similar statement in the specifications: "Not paid in full until the project is completed."



R. Ben Bifoss, City Manager

History: Supersedes Executive Order #339 dated January 5, 2005

Cross-Ref: *See also MCL 129.201, Contractor's Bond for Public Buildings or Works;
T.C. Code, Section 230.06, Bonds