

## BONDING REQUIREMENTS

It is the policy of the Cleveland Municipal School District that all procurement transactions will be conducted in a manner that does not restrict competition. Concerns regarding excessive bonding requirements for service contracts have led the District to adopt the following guidelines pertaining to bonding requirements.

The intent of the bonding requirements is to protect the District from a potential supplier defaulting on an agreement.

### Bid Guarantees

A "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of its bid, execute such contractual documents as may be required within the time specified. Bid guarantees should be equivalent to 10% of the bid price.

### Performance Bond

A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such a contract. Performance bonds usually should be equivalent to 100% of the contract price.

### Payment Bond

A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and materials in execution of the work provided for in the contract. A payment bond should be equivalent to 100% of the contract price.

A bid or proposal bond may be required on a proposal.

The ability of a vendor to obtain a bond is determined when application is made for a bid bond. The performance bond is then automatically activated if so designated.

Bid bond requirements for construction contracts shall follow the guidelines as set forth in ORC 153.54 and 153.57.

Bid and Performance Bond Requirements for Particular Contracts

	<b>BID</b>	<b>PERFORMANCE</b>
<b>Construction</b> Including construction, demolition, alteration, repair or reconstruction	10%	100%
<b>Supplies and Services</b> Over an extended period of time and presenting a minimum of bondable exposure	10%	10%
<b>Specials</b> The particular item and/or service involved requires individual bonding considerations		
SCHOOL BUSES	10%	100%
ELEVATOR SERVICE	10%	100%
RUBBISH REMOVAL	10%	100%

Requirements for Other Types of Contracts

The requirement for other types of contracts are to be determined on an individual basis by specifications and details of the particular bid.

The following services do not present the possibility of a bonding loss:

Athletic Physical Examinations  
 Summer Youth Physicals  
 Stadium Concessionaires  
 Psychological Services  
 Insurance Contracts  
 Testing Services  
 Temporary Clerical Services

Repair Parts - Transportation  
 Leased Truck Drivers  
 School Climate Survey  
 Architects Professional Services  
 Ambulance Services  
 Security Guards  
 Office Supplies

[Adoption date: May 16, 2002]

LEGAL REFERENCES:

ORC 153.54; 153.57

CROSS REFERENCES:

DJC, Bidding Requirements

