

CINCINNATI STREETCAR PROJECT

Bonding

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Basic Bonding Principles

- Guarantees contractor will fulfill obligation
- Three main types:
 - Bid
 - Performance
 - Payment

Bid Bonds

- Guarantees bidder will enter into contract at the bid price
- Amount is 10% of bid price, by State law
- Usually provided by surety who will provide performance & payment bonds
- Bidder may substitute a certified check or other negotiable instrument at owner's discretion

Performance Bonds

- Required by law & federal regulation
- Amount is 100% of contract price
- Guarantees contractor will fulfill all contractual obligations in accordance with contract

Payment Bonds

- Required by law & federal regulations
- Assures that contractor will pay for all labor & materials, as required by law and the contract
- Amount is 100% of contract price

Not A Substitute for Insurance

- Bond covers events of non-performance
- Insurance generally covers damages resulting from performance

Basic Principles

- Best use of public dollars
- Maximize competition
- Level playing field
- Open process consistent with good business practices