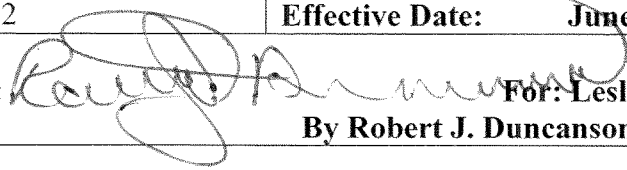


CITY AND COUNTY OF DENVER
DEPARTMENT OF PUBLIC WORKS
ENGINEERING DIVISION



Policy Statement

Subject: Project Specific Performance Bonds and Letters of Credit	
Number: 2	Effective Date: June 14, 2005
Approved:  For: Lesley B. Thomas, P.E., City Engineer By Robert J. Duncanson, P.E., Engineering Manager, DES	

PROJECT SPECIFIC PERFORMANCE BONDS AND LETTERS OF CREDIT POLICY

General contracting and construction work Bonds are required in the City and County of Denver per the Denver Municipal Code, Article XVII; Contractor Licensing, Section 49-598 (Code 1950 § 339D.4; Ord. No. 505-00, § 5, 6-26-00) and Section 49-173(9) 1950 33BA1-2, 2004.

Project Specific Performance Bonds and Letter of Credit (LOC) are required before any permits are issued. These sureties are required to ensure that the construction undertaking is performed to the city's specifications and standards. The surety required for all Wastewater construction must be submitted one month prior to start of construction. The surety for Transportation Engineering Plans must also be submitted one month prior to start of construction and all Rights of Way (ROW) permits must be acquired prior to construction.

Frequently asked questions:

- 1. Which projects require a Project Specific Performance Bonds or a Letter of Credit (LOC)?** All Development Engineering Services (DES) Transportation Engineering Construction Plans, public storm sewer construction plans, and public sanitary sewer construction plans require a Project Specific Performance Bond or LOC prior to starting any construction activities.
- 2. Who is allowed to submit a Project Specific Performance Bond or Letter of Credit (LOC)?** The owners/developers who are paying for the installation of the public infrastructure to service their property or the general contractor (ODGC) can submit these to Development Engineering Services, Construction Engineering.
- 3. When can a Project Specific Performance Bond or LOC be waived?** If the approved cost estimates for construction are below the bonding requirements for licensed ROW contractors. (as set forth in Code § 49-648 [for Cement Sidewalk Contractor, \$10,000 Bond), Code § 49-200 (for Excavation Contractor, \$50,000 Bond), Code § 49-598 (for General Contractor, \$50,000), § 49-608 (for Structural Contractor, \$25,000 Bond), § 49-618 (for Sewer Contractor, \$50,000 Bond), §49-628 (for Paving Contractor, \$50,000 Bond) and § 49-638 (Special Contractor, \$10,000 Bond)]. ROW contractor licensing is processed through the City and County Excise and Licensing Department.

4. **How is the amount of a Project Specific Performance Bond and LOC created and/or calculated?** As part of the development review process, the owner will submit a construction cost estimate for the construction reflected on the plans. The DES plan review engineer will approve both the construction documents and the construction cost estimates. These estimates will be used to establish the amount. The approved construction cost estimate must accompany all Project Specific Performance Bond or LOC Submittals or they may be rejected.
5. **What construction items are to be included in this estimate?** Actual construction items that would be typically found on a line item bid tab for a municipal capital improvement projects, and as-builts for non transportation projects a minimum \$25,000 or 2% of the gross bond amount must be added as surety for this requirement. This does not include survey, geotech, or construction management expenses.
6. **Who can release a Project Specific Performance Bond or LOC?** The DES Construction Engineering, Engineer Manager or designee.
7. **Are partial releases of a Project Specific Performance Bond or LOC allowed?** Yes. The ODGC will submit in writing to DES Construction Engineering, Engineer Supervisor a request and justification to reduce the Project Specific Performance Bond or LOC. If approved, the ODGC will be required to submit a new Project Specific Performance Bond or LOC with the new agreed upon amount approved by the Engineering Supervisor. Once the new surety is supplied to DES Construction Engineering, the old surety will be released. A typical release (100% released) would be when all construction is completed, inspected and acceptance documentation has been provided.
8. **Can a Project Specific Performance Bond or LOC be used for multiple projects and can it carry-over from project to project?** Yes. This is called a "Rolling Performance Bond or LOC" This must be approved on a case by case basis by the City Attorney's Office.
9. **How are "Rolling Performance Bonds or LOC" used?** The ODGC will submit a list of projects that this surety will cover, the costs estimates for each project and the "Rolling Performance Bond or LOC" in an amount to cover a portion of the projects they would like to construct. This amount will be determined on a case by case basis, but will always include all ongoing construction costs. DES Construction Engineering will create a tracking spread sheet for the specific Rolling Performance Bond or LOC. The spread sheet will indicate the amount of the Surety, the description of each project that is to be covered by this surety, and the approved cost estimate amount from the DES review engineer. Once a project on the list is accepted, DES Construction Engineering will release that amount for another project to be added or the surety can be reduced. Partial releases of projects are allowed under this "Rolling Performance Bond or LOC", see above for partial release.
10. **Who maintains the Project Specific Performance Bond and LOC?** DES Construction Engineering.
11. **Who manages the Project Specific Performance Bond or LOC?** The DES Construction Engineering, Engineer Supervisor.
12. **What happens when the Project Specific Performance Bond or LOC is canceled?** The ODGC is given a stop work notice and can not resume any more work until the surety is corrected or resubmitted.

13. **Are there any exceptions?** Yes, any variation to this bonding process must be submitted directly to the Manager of Public Works for approval. Subject to the terms of the applicable ordinances.