CCB

Procurement of Construction:
Construction Bonds and Security

Bid Security Requirements—

Bid security in an amount equal to at least 5% of the amount of the bid shall be required for all competitive bidding for construction contracts estimated to exceed $50,000. The Procurement Official may require an acceptable bid security for construction projects of $50,000 or less. Bid security shall be a bond provided by a surety company authorized to do business in this state, the equivalent in cash, or any other form satisfactory to the District.

When a bidder fails to comply with the requirement for bid security described in the invitation for bids, the bid shall be rejected as nonresponsive.

After the bids are opened, they shall be irrevocable for the period specified in the invitation for bids. If a bidder is permitted to withdraw a bid before award, no action shall be taken against the bidder or the bid security. If the successful bidder fails or refuses to enter into the contract or furnish the additional bonds required, then the bidder's bid security may be forfeited.

When issuing an invitation for a bid, the Procurement Official may not require a person or entity who is bidding for a contract to obtain a bond from a specific insurance or surety company, producer, agent, or broker.

Utah Code § 63G-6a-1102 (2020)
Utah Code § 63G-6a-1103(3) (2020)
Utah Admin. Rules R33-11-201 (January 22, 2021)

Required Bonds—

When a construction contract is awarded by the District in excess of $50,000, the contractor to whom the contract is awarded shall deliver the following bonds or security to the District, which shall become binding on the parties upon the execution of the contract:

- a performance bond satisfactory to the District that is in an amount equal to 100% of the price specified in the contract and is executed by a surety company authorized to do business in this state or any other form satisfactory to the District; and

- a payment bond satisfactory to the District that is in an amount equal to 100% of the price specified in the contract and is executed by a surety company authorized to do business in this state or any other form satisfactory to the District, which is for the protection of each person supplying labor, service, equipment, or material for the performance of the work provided for in the contract.

The performance bond shall be delivered to the District within fourteen days of the contractor receiving notice of the award of the construction contract. If the contractor fails to deliver the required performance or payment bond, the contractor's bid shall be rejected, its bid security may be enforced, and award of the contract may be made to the next lowest responsive and responsible bidder or next highest ranked offer.

The Procurement Official may not require a contractor to whom a contract is awarded to obtain a performance or payment bond from a specific insurance or surety company, producer, agent, or broker.

Utah Code § 63G-6a-1103 (2020)
Utah Admin. Rules R33-11-201 (January 22, 2021)
Utah Admin. Rules R33-11-303 (January 22, 2021)

Form of Bonds—

The form of the bonds required by this policy shall be established by rule made by the Procurement Policy Board. Any person may obtain from the District a certified copy of a bond upon payment of the cost of reproduction of the bond and postage, if any.

Utah Code § 63G-6a-1105 (2020)

Waiver of Bonding Requirement—

The Procurement Official may waive any bonding requirement if it determines in writing that:

1. bonds cannot reasonably be obtained for the work involved;

2. the cost of the bond exceeds the risk to the District; or

3. bonds are not necessary to protect the District's interests.

If the District fails to obtain a payment bond it may become liable for unpaid amounts as provided by Utah Code § 14-1-19.

Utah Admin. Rules R33-11-303 (January 22, 2021)