



PAT McCRORY
Governor

NICHOLAS J. TENNYSON
Secretary

June 1, 2016

MEMORANDUM

TO: Division Engineers

FROM: M. L. Holder P.E. Chief Engineer 23D624B95BA54A9...

SUBJECT: Bonding Requirements for Division Let Projects

Current legislation allows the Department to waive payments and performance bonding requirements for any project that has a bid value of \$500,000 or less, including SBE contracts. A review of risk associated with certain contract types has found it necessary to update the Department's policy and procedures related to bonding on Division Let Contracts.

The attached documents titled *Payment and Performance Bonds – Division Let Contracts* shall be used to determine when bonds should be required on Division Let Contracts. This information supersedes the Chief Engineer's October 18, 2012 Memorandum on this same subject. It also supersedes the Payment and Performance Bond and Bid Bond/Bid Deposit sections of the Division Let Contract Guidance Manual (Revision Date 05/15/15), until such time that the manual is updated with this guidance.

Attachment

cc: R. A. Hancock, PE
R. A. Garris, PE
S. G. Capps, PE



Payment and Performance Bonds – Division Let Contracts

- Each Division shall evaluate the risk associated with each project and determine if bonding is necessary based on such factors as: complexity, materials costs, and potential supplier and subcontractor opportunities. All contracts shall contain one of the following provisions:
 - SPD 01-420A “Bond Requirements”
 - SPD 01-420B “Bond Requirements - No Bonds Required”
- Bonds shall be required for all projects (regardless of complexity) where the engineer’s estimate is \$450,000 or greater, all Asphalt Surface Treatment projects, and projects containing the 12-month guarantee provision.
- The Division shall use discretion for waiving bonds on projects that are less complex, where the engineer’s estimate is less than \$450,000 and the work does not involve multiple subcontractors or material suppliers.
- The limit for waiving bonds for all bridge replacement and major bridge rehabilitation projects (latex overlays, etc.) is \$300,000 based on the engineer’s estimate.
- A Bid Bond shall always be required on projects requiring payment and performance bonds.

BOND REQUIREMENTS:

(06-01-16)

102-8, 102-10

SPD 01-420A

A Bid Bond is required in accordance with Article 102-10 of the 2012 Standard Specifications for Roads and Structures.

Contract Payment and Performance Bonds are required in accordance with Article 103-7 of the 2012 Standard Specifications for Roads and Structures.

BOND REQUIREMENTS – No Bonds Required
(06-01-16)

SPD 01-420B

The provisions of Articles 102-10 and 103-7 of the 2012 Standard Specifications for Roads and Structures are waived for this project. No bonds required.