

PAYMENT AND PERFORMANCE BONDS

Wisconsin Statutes require that school districts require bonds of prime contractors in excess of \$10,000 unless the requirement is waived by a school district according to its established, written policy.

Contracts with prime contractors may be waived by the school district after taking into consideration a cost/benefits analysis using the factors listed below:

- The volume and length of contracts to be performed by the prime contractor
- The proportion of a contract that is not directly provided by the prime contractor, i.e., work by subcontractors, materials by others or owner purchases.
- The school district's past experience with the contractor
- The contractor's experience with similar projects
- The financial stability of the prime contractor
- The cost of obtaining a bond issued by a licensed security company
- Alternative methods of reducing risk, i.e., waiver of lien, escrow deposit, retainage

In all cases involving projects that exceed \$250,000 that the bond requirement is waived, the administration will submit to the Business Services Committee a rationale for the waiver. The Committee may, at its option, include the waiver as an item for review at a subsequent meeting.

A contract with a prime contractor in excess of \$25,000, entered into by a lessee of district property, will provide for either bonding, or an alternative method of reducing risk, as approved by the Director responsible for Business Services.

LEGAL REF.: 779.14, Wisconsin Statutes

Adopted: February 10, 1998
March 24, 2003