



ADMINISTRATIVE SERVICES DEPARTMENT PURCHASING DIVISION

DATE: March 23, 2018
TO: Current and Prospective Vendors
FROM: City of Corona Purchasing Division
SUBJECT: Payment Bond Information

The City of Corona is required to obtain a payment bond for public works contracts exceeding twenty-five thousand dollars. This provision is mandated by California (CA) Civil Code (CIV) 9550.

A payment bond is defined as a surety bond posted by a contractor to guarantee that its subcontractors and material suppliers on the project will be paid.

In the event a payment bond is not provided, a contract cannot be issued to the vendor and a vendor's proposal of services cannot be performed. The following information is being provided for vendors who intend to submit a proposal to the City and is subject to California Civil Code CA CIV 9550.

CA CIV 9550 states the following for the City to require a payment bond from a vendor or prospective bidder:

(a) A direct contractor that is awarded a public works contract involving an expenditure in excess of twenty-five thousand dollars (\$25,000) shall, before commencement of work, give a payment bond to and approved by the officer or public entity by whom the contract was awarded.

(b) A public entity shall state in its call for bids that a payment bond is required for a public works contract involving an expenditure in excess of twenty-five thousand dollars (\$25,000).

(c) A payment bond given and approved under this section will permit performance of and provide coverage for work pursuant to a public works contract that supplements the contract for which the bond is given, if the requirement of a new bond is waived by the public entity.

(d) For the purpose of this section, a design professional is not deemed a direct contractor

and is not required to give a payment bond.

(e) This section does not apply to a public works contract with a “state entity” as defined in subdivision (d) of Section 7103 of the Public Contract Code.

CA CIV 8038 states the following regarding the definition of a Public Works Contract:
“Public works contract” has the meaning provided in Section 1101 of the Public Contract Code(PCC).

CA PCC 1101 provides the definition of a Public Works Contract as:
“Public works contract,” as used in this part, means an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.

When a payment bond is required, it will be in an amount no less than one hundred percent of the total amount payable to the public works contract. The payment bond requirement will apply to “as needed” call out work projects.

When the City requests services from a vendor in response to an emergency, the Purchasing Division will contact the vendor for the payment bond information. A payment bond will need to be received prior to the payment for the emergency services.

To view the up-to-date regulatory information referenced in this letter, please visit the California Legislative Information website.

<http://leginfo.legislature.ca.gov/faces/codes.xhtml>

If you have any questions regarding the letter, please contact Purchasing at (951) 736-2274 or visit the City of Corona Purchasing Division website.

<https://www.coronaca.gov/government/departments-divisions/purchasing>

A copy of this letter is available at the following link.

<https://www.coronaca.gov/government/departments-divisions/purchasing/vendors>

If you have questions regarding the interpretation of the regulatory codes, please contact your legal counsel.

Thank you for your time and attention to this important information.

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