

 <b>YUKON ENERGY</b> Goods & Services Guidelines GS-008	<b>DEPARTMENT:</b>		<b>INQUIRIES TO:</b>	<b>TOPIC:</b>	
	All		Corporate Services	Bid Security Guideline	
	<b>ISSUED:</b>		<b>REVIEW DATE:</b>		<b>APPROVED BY:</b>
	March 2006		February 2009		Director, Corporate Services

## 1.00 Purpose

- 1.01 To define requirements for bid security, performance and payment bonds.
- 1.02 Purchase Requisitions that have a total estimated value over \$250,000 shall be reviewed as to whether bid security is required and if not required, justification provided as to that decision.
- 1.03 Bid security submitted by the bidder guarantees that the bidder will execute a contract with the Corporation at the bid price upon award of the bid. If the successful bidder refuses to enter into a contract, the bid security will be forfeited to the Corporation.

## 2.00 Procedure

- 2.01 Bid security is normally required for a Purchase with an estimated value of \$250,000 or more for construction and or building requirements. The security may take the form of a bid bond or a certified cheque in the amount identified in the bid document. Performance bond and/or a labour and materials payment bond may be required.
- 2.02 Bid security in the amount of ten percent (10%) of the bid price is normally required with all bids for construction projects when the construction cost is estimated value over \$250,000.00. The Corporation may authorize bid security for procurements if such a requirement is advantageous to the Corporation.
- 2.03 Corporate Services should use their discretion as to whether or not performance bonds are required as the costs associated with bonds may outweigh the advantages. If performance bonds and labour and material bonds are required, the bond shall be in effect until twelve months after the certificate of final completion.
- 2.04 Corporate Services may authorize certified cheques in lieu of a bid bond for the purpose of bid security if the project can be best served and competitiveness can be enhanced.
- 2.05 A bid submitted without proper bid security when requested shall be disqualified unless the Director, Corporate Services determines in writing that the bid substantially complies with the security requirements.
- 2.06 No payment shall be made on a contract where surety is required until the requested form of surety has been furnished.

#### **4.00 Performance and Payment Bonds**

- 4.01 Performance and/or payment bonds may be required for all construction contracts. Corporate Services and the requestor shall determine the percentage of the contract price required for performance and/or payment bonds.
- 4.02 Performance and/or payment bonds submitted by the successful bidder upon award of the contract guarantee faithful performance of the contract and payment of materials and labour by the contractor to all subcontractors, material suppliers and employees
- 4.03 Performance bonds for service contracts may be required to protect the interests of the Corporation. The amount of the bond shall be determined by the Corporation.

#### **5.00 Bid Withdrawal**

- 5.04 Before Bid Closing: If a bid is withdrawn at any time before bid closing, the bid security shall be returned to the bidder.
- 5.05 After Bid Closing: A successful bidder may not withdraw the bid after bid closing without forfeiture of bid security unless the bidder can establish by clear and convincing evidence that a nonjudgmental mistake was made in the bid. If withdrawal of a bid after bid closing is permitted by the Director, Corporate Services, no action may be taken against the bidder or bid security.