



# CITY OF SACRAMENTO

DEPARTMENT OF ENGINEERING  
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CITY MANAGER'S OFFICE  
**RECEIVED**  
DEC 21 1981

R. H. PARKER  
CITY ENGINEER  
J. F. VAROZZA  
ASSISTANT CITY ENGINEER

December 17, 1981

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Ordinance Establishing a Fee for Substitution of Securities for Withheld Funds on Public Works Contracts

SUMMARY:

Submitted herewith is a proposed ordinance to amend Chapter 58 of the City Code to provide for a fee to be set by the City Council to recover the costs involved in implementing S.B. 835. The fee would be set by resolution enacted by the City Council from time to time for recovery of these costs as anticipated by S.B. 835.

BACKGROUND:

S.B. 835 amended Government Code Section 4590 to require that provisions be included in any invitation for bid and in any contract documents to permit the substitution of securities for any monies withheld by a public agency to insure performance under a contract. The Standard Specifications for the City of Sacramento public works contracts require withholding of 10% of the contract price to insure performance. S.B. 835 provides that the cost of substitution of securities for withheld funds is to be borne by the contractor. In addition to the costs of escrow, it is clear that the City will incur costs for implementing S.B. 835 including, but not limited to, costs incurred by the City Engineer, City Attorney and the City Treasurer. The attached ordinance amends Chapter 58 of the City Code to provide for a fee to cover these costs.

FINANCIAL:

Passage of the ordinance and subsequent resolutions will enable the City to recover any costs involved.

RECOMMENDATION:

It is recommended that the attached ordinance be adopted.

Recommendation Approved:

*Walter J. Slupe*  
Walter J. Slupe, City Manager

Respectfully submitted,  
*R. H. Parker*  
R. H. PARKER  
City Engineer

**APPROVED**  
BY THE CITY COUNCIL

DEC 29 1981

OFFICE OF THE  
CITY CLERK

ORDINANCE NO. 81-118

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

AN ORDINANCE ESTABLISHING A FEE  
FOR SUBSTITUTION OF SECURITIES  
FOR WITHHELD FUNDS ON PUBLIC  
WORKS CONTRACTS

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Chapter 58 of the Code of the City of Sacramento is hereby amended by adding Article VII to read as follows:

Sec. 58.701 Fee for Substitution of Securities for Withheld Funds on Contracts.

In any case where a contractor requests substitution of securities for withheld funds pursuant to Government Code Section 4590, a fee established by resolution of the Council shall be charged.

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**APPROVED**  
BY THE CITY COUNCIL

**DEC 29 1981**

OFFICE OF THE  
CITY CLERK