

LIQUIDATED DAMAGES POLICY

Liquidated damages (LD) are sustained by the City when a contractor fails to complete contract work within the specified amount of time allowed in the City's contract documents. Two types of funding sources are used to construct public improvements, restricted (water, sewer, Measure M, gas tax, etc.) or unrestricted (general fund). The restricted fund LD have specific criteria for their use while the unrestricted general fund LD can be used as directed by the City Council.

At the time of City Council project acceptance, if LD are involved, the restricted funds LD will be returned to project funding source. If general fund LD are involved, they will be returned to the general fund unless the City Council desires to direct the LD to a designated use such as:

- A. a neighborhood enhancement or Business Improvement District (B.I.D.) in the area which may have been impacted by the construction project; or
- B. a project that would enhance the affected area; or
- C. set up a fund for a future project within the project area; or
- D. any other designated use the City Council deems appropriate.

Adopted - February 23, 1998