

**San Luis Obispo County
Department of Public Works**

Subdivision Project Security

Security required. Security (also referred to as “bonding”) must be posted with most subdivision projects, to ensure completion of the public improvements that are required as conditions of approval. Following approval of the improvement plans, we will review an Engineer’s Estimate of the cost of construction that is to be secured. Please note that the cost estimate must be based on unit costs that would be experienced if the County were to claim the bonds and construct the improvements under public agency contracting rules.

Once we have approved the estimate of construction cost, the following factors must be added:

Construction cost	Contingency	Inflation	Administrative costs
<\$75,000	10%	10%	40%
\$75,000 - \$200,000	10%	10%	30%
>\$200,000	10%	10%	20%

(Construction cost) + (Contingency) + (Inflation) + (Administrative costs) = **Bonding Amount**

Items to be secured. There are three different items to be secured during the bonding period:

Performance = 100% of the bonding amount. Once all the required public improvements have been accepted and a Guarantee Bond posted, the Performance Bond will be exonerated. Note that acceptance includes the completion of the improvements **and** the preparation of “as-built” plans, submittal of required reports, and the engineer’s certification.

Payment and Materials = 50% of the bonding amount. The Payment and Materials Bond will be held for 90 days after acceptance of the improvements.

Guarantee = 10% of the bonding amount. The Guarantee Bond will be held for one year from date of completion and acceptance of improvements.

Types of security. The types of security accepted by San Luis Obispo County are listed below. Note that all forms of security must be made payable to the County of San Luis Obispo.

Cash. Submit 100% of the bonding amount. A certified check may also be submitted in this amount. Because we pay you interest, a Taxpayer Identification Number is required with cash bonds. You will need to fill out an IRS form W-9 and return it to Public Works with your check. The form may be obtained from us or at: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>

Certificate of Deposit. Submit three separate certificates – 1 @ 50%, 1 @ 40%, 1 @ 10% of the bonding amount.

Letters of Credit. Submit three separate letters of credit – 1 @ 100%, 1 @ 50%, 1 @ 10% of the bonding amount. The Guarantee letter of credit (10%) may be submitted at the time of acceptance of improvements. Important - any Letters of Credit with expiration dates need to include an automatic extension and notice provision.

Surety Bonds. Submit two separate bonds – 1 @ 100%, 1 @ 50% of the bonding amount. The Performance bond (100%) will be reduced to 10%, to become the Guarantee bond, at the time of acceptance of improvements.