



Security (also known as "bonding") is:

- Required by the Land Use Ordinance, Titles 22^1 and 23^2 for Curb Gutter and Sidewalk improvements prior to issuance of a Building Permit.
Bonding estimate for Volunteer Curb Gutter and Sidewalk shall be set by Public Works Encroachment and based only on repairing damages to bring back to existing conditions should the applicant "walk-away" from the project after commencing work.
Allowed by Title 21^3, prior recordation of Tract and Parcels Maps to ensure completion of public improvements that are required by the project conditions of approval.

CURB GUTTER & SIDEWALK PERFORMANCE BONDS

- A Building Permit received by the Department of Public Works (Department) triggers Curb Gutter & Sidewalk (CGS) based on the Ordinance requirements.
The Department shall determine the extents of required improvements and assign the total bonding amount estimated based on the current Approved Unit Costs and adjusted per the below table.

Bond Adjustment Factors

Table with 4 columns: Construction cost, Contingency, Inflation, Administrative Costs. Rows show percentages for cost ranges: <\$75,000, \$75,000 - \$200,000, >\$200,000.

Total Bond Amount = (Construction cost) + (Contingency) + (Inflation) + (Administrative Costs)

- The total bonding amount shall be added as a Condition prior to Permit Issuance in the Planning & Building Department's permit tracking database.
Applicant chooses a security type for the approved engineer's estimate. The types of securities that the Subdivider has available to them include:
Cash. Submit 100% of the bonding amount. Requires that a W-9 form be submitted with bond.
Certificate of Deposit (CD). 1 @ 100% Performance Certificate of bonding amount.
Letter of Credit (LOC). 1 @ 100% Performance Letter of bonding amount.
Surety Bond (Surety). 1 @ 100% Performance Bond of bonding amount.

1 22.54.030G

2 23.05.106

3 21.05.040

- The applicant must post the Performance Bond with Public Works, together with a completed Curb Gutter & Sidewalk Agreement.
- Prior to Department release of the Building Permit Hold for CGS the Agreement shall be signed by County Counsel and a representative of the Department (typically the Development Services Engineer).

#### Exoneration of Curb Gutter Sidewalk Performance Bonds

- The Department accepts the curb gutter sidewalk improvements as complete, and:
  - Finals (for occupancy) on the project building permit on Planning & Building Department's permit tracking database.
  - Finals the project encroachment permit.
  - Exonerates (releases) the Performance Security

#### SUBDIVISION PERFORMANCE BONDS

- Public Improvement Plans must first be approved by the Department.
- Engineer's estimate of public improvements submitted and approved by the Department.
- Subdivider chooses a security type for the approved engineer's estimate. The types of securities that the Subdivider has available to them include:
  - **Cash.** Submit 100% of the bonding amount. Requires that a W-9 form be submitted with bond.
  - **Certificate of Deposit (CD).** Requires three separate certificates, 1 @ 50% Performance Certificate, 1 @ 40% Payment & Material Certificate, and 1 @ 10% Guarantee Certificate of bonding amount.
  - **Letter of Credit (LOC).** Three separate letters, 1 @ 100% Performance Letter, 1 @ 50% Payment & Material Letter, and 1 @ 10% Guarantee Letter. The 10% Guarantee Letter may be collected at the time the 100% Performance letter is exonerated.
  - **Surety Bond (Surety).** Two surety bonds, 1 @ 100% Performance Bond, 1 @ 50% Payment & Material Bond.
- Together with the bonds, the Department requires a completed Subdivision Agreement. The Agreement and the bonds required review and approval by County Counsel. After review and approval by County Counsel the Subdivision Agreement is signed by the Development Services Division Manager. The County Surveyor then sends the developer a letter stating that the bonds for the project are approved as well as a copy of the Agreement and bonds. A copy of the developer's letter is also placed in the main file.

- The County Surveyor logs the bonds in the bond tracking spread sheet. Items to be inputted into the bond tracking spreadsheet include the type (TM or PM) of Subdivision, date the project was approved, type of security amount, location of development, contact person of development, company providing security and case manager.

### Exoneration of Subdivision Improvement Bonds

After completion of the public improvements the Public Works Plan Check Engineer will notify the County Surveyor that the public improvements are complete. The County Surveyor then contacts the Surveyor/Engineer in order to verify that monuments have been set.

Exoneration (release) of the bonds occurs in the following order:

- Performance Bond – Upon Public Works acceptance of improvements as complete
- Payment and Material Bonds - 90 days after Performance
- Guarantee Bond - One year after exoneration date of Performance Bond release

#### Performance Bond

The Public Works Plan Check Engineer assigned to the project will notify the County Surveyor when the Public Improvements are completed in order to start the exoneration process of the 100% Performance Bond. Regardless of the bond type, the procedure to exonerate is the same. First course of action is to write a letter notifying the bank, insurance company or the owner/sub-divider that the County will be exonerating the bond at this time.

- Pick the appropriate letter form (depending on the type of bond secured) and fill in the blanks and send to typing.
  - Original Letter of Credit ***must*** be included with exoneration letters.
  - Original Surety Bonds do not need to be included in exoneration letters.
  - Certificates of Deposit and Cash release letters ***must*** go to accounting for their attachment to the exoneration letter.
- Update the Bond Tracking databased to log that the bond has been released.
- Add a calendar reminder for the 90 day Payment & Material Bond release AND the 1-year Guarantee Bond release. Invite the plan checker, County Surveyor, and Division Manager to the event.

#### Payment and Material Bond

The next bond to be exonerated will be the 50% Payment & Material bond, which will happen 90 (ninety) days after the exoneration of the Performance Bond. You can follow the same procedure as the exoneration of the Performance Bond but prior to taking this action the County Surveyor must:

- Check for liens against the developer. This is done by using the County Recorder's Office web site. Go to: <http://tiger.wings.co.slo.ca.us/> and proceed to the Grantor/Grantee list. Type in the name of

the developer as it appeared on the recorded map. Look for any Mechanic's Lien filed on the developer. If any appear you will **NOT** be able to exonerate the bond at this time.

If no liens appear then you can proceed with the exoneration letter.

- Pick the appropriate letter form (depending on the type of bond secured) and fill in the blanks and send to typing.
  - Original Letter of Credit **must** be included with exoneration letters.
  - Original Surety Bonds do not need to be included in exoneration letters.
  - Certificates of Deposit and Cash release letters **must** go to accounting for their attachment to the exoneration letter.
- Update the Bond Tracking databased to log that the bond has been released.
- Verify the calendar reminder for the 1-year Guarantee Bond release.

### Guarantee Bond

The last bond to exonerate is the 10% Guarantee bond. Upon inspection and approval by the Plan Check Engineer one year after the date of completion of improvements the 10% Guarantee bond can be exonerated.

- Pick the appropriate letter form (depending on the type of bond secured) and fill in the blanks and send to typing.
  - Original Letter of Credit **must** be included with exoneration letters.
  - Original Surety Bonds do not need to be included in exoneration letters.
  - Certificates of Deposit and Cash release letters **must** go to accounting for their attachment to the exoneration letter.
- Update the Bond Tracking databased to log that the bond has been released.

### SUBDIVISION MONUMENTATION BONDS

Surveyors/Engineers may request survey monumentation bonds to be submitted to the County by the sub-divider that is recording the subdivision map. Typically what triggers the bond to be submitted is that public improvements such as road way construction have not been completed prior to recordation of the map. These road ways are required to have centerline monuments per the County Real Property Division Ordinance, section 21.06.028. Hence, the Surveyor/Engineer cannot set the road way centerline monuments until after completion of the public improvements. The Surveyor/Engineer is basically asking for the security (bond) to insure they will be paid for services rendered after the recordation of the subdivision map.

The types of securities that the Subdivider has available to them for survey monumentation bonding are the same as Subdivision Performance Bonds. Typically this bond is given to the county in cash. The county only needs one bond for the total cost for the setting of the monuments. The private surveyor

shall provide a written cost estimate for their service and that estimated amount is the amount the sub-divider will bond for.

- Subdivider chooses a security type for the approved surveyor's estimate. The types of securities that the Subdivider has available to them include:
  - **Cash.** Submit 100% of the bonding amount. Requires that a W-9 form be submitted with bond.
  - **Certificate of Deposit (CD).** 1 @ 100% Performance Certificate of bonding amount.
  - **Letter of Credit (LOC).** 1 @ 100% Performance Letter of bonding amount.
  - **Surety Bond (Surety).** 1 @ 100% Performance Bond of bonding amount.

Exoneration of Monumentation Bond:

After completion of the public improvements the Public Works Plan Check Engineer will notify the County Surveyor that the public improvements are complete. The County Surveyor then contacts the project Surveyor/Engineer in order to verify that monuments have been set.

This bond can be exonerated after the surveyor provides a letter to the County Surveyor stating that they have been paid and that the monuments in the subdivision have been set.

The last bond to exonerate is the 10% Guarantee bond. Upon inspection and approval by the Plan Check Engineer one year after the date of completion of improvements the 10% Guarantee bond can be exonerated.

- Pick the appropriate letter form (depending on the type of bond secured) and fill in the blanks and send to typing.
  - Original Letter of Credit **must** be included with exoneration letters.
  - Original Surety Bonds do not need to be included in exoneration letters.
  - Certificates of Deposit and Cash release letters **must** go to accounting for their attachment to the exoneration letter.
- Update the Bond Tracking databased to log that the bond has been released.