



City of San Clemente Engineering Division

TO: DEVELOPERS, CONSULTANTS, ENGINEERING FIRMS, AND PERMIT APPLICANTS

The City of San Clemente only accepts the following alternatives for bonding purposes for grading and on/off-site improvements on single family and small commercial projects. These alternatives and associated procedures must be adhered to:

1. A Performance, Labor and Material bond in the amount of 100% and including a 10% contingency, of the Engineering Division's approved cost estimate. Bonds must be in the City format and be accompanied by a notary statement for the bond signatures, and an additional document attached to the bond that indicates that the bonding company and Attorney in Fact are authorized to conduct such business in the State of California. The bonding company must meet Standard & Poor or A.M. Best Company's minimum rating.
2. A cash bond (check) in the amount equal to 100% of the approved cost estimate which includes a 10% contingency, for performance and an additional 100% of the approved cost estimate containing the 10% contingency, for labor and material.
3. A Certificate of Deposit drawn on a San Clemente bank, naming the City of San Clemente as Beneficiary, automatically renewable and payable unilaterally to the City of San Clemente at 100% for performance and 100% for labor and material, of the approved cost estimate which contains a 10% contingency. The Certificate must be provided by the same entity as Applicant and/or Owner.
4. An Irrevocable Letter of Credit drawn on an Orange County bank and on bank letterhead in an amount equal to 100% for performance and 100% for labor and material of the approved cost estimate containing a 10% contingency.

Before submitting any of above, please FAX a copy of the financial instrument and the approved cost estimate to the attention of Sue Dunbar at (949) 366-4741 for approval of content, dollar amount and format. Upon approval, please submit one (1) original and one (1) copy of the surety.

Please note that upon written sign-off by the Public Works Inspector and request for the return of the surety by the Applicant, the exoneration process will consist of no less than 3 weeks.

Questions regarding the above can be directed to Sue Dunbar at (949) 361-6122.

i:\engineering\devsect\bonds & assets\surety cover letter.doc