



BONDING REQUIREMENTS

Purchase of Service and/or Permit Sign Off Prior to Completion of a Line Extension
Board Policy 9020

Applications for service may be accepted and County or City building permits signed upon acceptance of the facilities being constructed (E-10 Notice of Completion) by the District Engineering Department **or** when the following has been complied with:

- Submittal by the applicant or the applicant's contractor of the necessary surety for the construction, which may take the form of a bond, letter of credit, or cashiers check in an amount not less than 100 % of the estimated construction.

Criteria for Bonding:

1. The applicant's engineer will calculate the bond dollar amount (Engineer's Cost Estimate). The amount of the bond must be 100% of the estimated construction amount, based upon fair market value of all labor, material and performance costs plus 10% overhead.
2. The Engineer's Cost Estimate will be reviewed and approved by an EID Engineer.
3. The bond may be in the form of either:
 - a. Subdivision Bond
 - b. Performance Bond
 - c. Letter of Credit
 - d. Cashier's Check
4. If bonding directly with El Dorado Irrigation District the Bond/ Letter of Credit must follow the format approved by El Dorado Irrigation District Legal Department verbatim.

5. If a Cashier's Check is submitted the check will be deposited and held in a separate work order until the project is completed and closed. These funds will be drawn upon in the event the owner fails to complete the project.
6. If bonding with the County of El Dorado a copy of the Subdivision Bond, Performance Bond and Laborers and Materialmen Bond must be submitted along with an approved Bond Review Letter from the Department of Transportation.
7. The owner/contractor must furnish EID with written proof of the credit rating of the insurance company issuing the bond from a reputable rating agency such as A.M. Best Company. The insurance company must have a minimum rating of A-. Also needed is a copy of the insurance company's license to work in the state of California
8. **The Bond, Letter of Credit or cash amount from the cashier's check will not be returned until the project has a signed notice of completion (E-10) and the project is closed by Customer and Development Services.**
9. In the event the project is not completed by the owner/developer, El Dorado Irrigation District Inspection will notify Customer and Development Services who will in turn notify the Treasury Department. The bond or letter of credit will be called to complete the project. If a cash account has been established from a cashier's check the credit balance will be used to complete the project.