

ADMINISTRATIVE REGULATIONS

OFFICE OF THE CITY ADMINISTRATOR

Number: 804
Sections: 1 - 7
Effective date: August 28, 1989

SUBJECT: Surety Bonds

1. **PURPOSE** To establish a permanent and uniformed Acceptance and Release Program for Surety Bonds.
2. **AUTHORITY** Section 401 of the City Charter.
3. **APPLICATION** This regulation shall apply to all departments.
4. **DEFINITION**

General Definitions

4.1 Contract Coordinator - the position of Contract Coordinator shall be appointed by the department head and shall act as the primary liaison for all assigned contracts.

4.2 Surety bonds - A surety or Guarantor is one who promises to answer for the debt, default, or miscarriage of another, or hypothecates property as security therefor. Civil Code section 2787.

CASH CONTRACTS

4.3 Performance bond - guarantees the contractor's faithful performance of the work.

4.4 Labor & material bond - guarantees the payment of all claims for labor and materials furnished.

4.5 Maintenance bond - guarantees work for a specific period of time after city's acceptance of project

4.6 "Bond release" for stop notices - authorizes the release of payment for stop notices filed against contractor for non-payment to subcontractor or supplier.

SUBDIVISIONS

4.7 Faithful bond - secures faithful performance of the improvement agreement..

4.8 Labor and material - for security of laborers and material.

4.9 Monument bond - furnishes security for payment of the cost of setting the monuments.

4.10 Guaranty and warranty - guarantees for a specific period of time against any defective work or labor done or defective materials furnished.



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OIL WELLS

4.11 Oil well bond – bond required by fire department and provided by well owner to cover liability associated with oil wells.

5. POLICY The policy of the surety bond program is to institute a consistent and uniformed review, acceptance, tracking, and release policy for surety bonds.

6. RESPONSIBILITY

6.1 The Contract Coordinator or the Oil Well Inspector of the involved department(s) shall review the surety bonds to insure all bonds required by the contract are provided.

6.2 The Contract Coordinator of the involved department(s) in coordination with the City Clerk's office shall be responsible for preparing all required "Request for Council Action" (RCA) relating to the release and acceptance of contractual surety bonds.

6.3 The Contract Coordinator or the Oil Well Inspector of the involved department(s) shall be responsible for notifying in writing the office of the City Treasurer and the office of the City Clerk that all work has been completed satisfactorily and that the bond can be released to the contractor/well owner.

6.4 The office of the City Treasurer shall be responsible for reviewing all surety bonds to verify the surety bonds negotiability.

6.5 The office of the City Treasurer shall be responsible for final release of all accepted surety (bonds, letter of credit, passbook savings, etc.).

6.6 The office of the City Treasurer shall be designated as the custodian of the original surety bonds.

6.7 The office of the City Attorney shall be responsible for "approval as to form" of all bonds prior to lodging with the City Treasurer and shall approve, in writing, the release of the bonds.

6.8 The office of the City Clerk shall be responsible for maintaining separate records of all written contracts and copies of surety bonds.



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7. PROCEDURES

7.1 Attachment A – List of current Community Development bonds.

7.2 Attachment B – Representative flow chart of Surety Bonds required for cash/construction contracts.

7.3 Attachment C – Representative flow chart of Surety Bonds required for tract/subdivision contracts.

7.4 Attachment D – Representative flow chart of Surety Bonds required oil well leases.



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