



## Why a Performance Bond?

You are ready to move your project to the final stages of your project, but you have a few conditions that must be met first. Sometimes securing a performance bond can allow you to proceed to the next step of your project. You must check with your project manager to see if securing a bond would be acceptable. For certain types of projects, mandatory Performance Agreements and financial bonding are required (i.e., surface mines/ reclamations, cell sites, drilling on property).

## What is a performance agreement and bond?

The performance agreement is a contractual agreement relationship where one person(s) agrees to perform the work. The financial assurance (bond) is the mechanism that answers for the debt, default, or miscarriage of the principal.

## Steps to follow in securing a bond

- 1. You will need to provide the department with an estimate for the cost of completion of work**
  - a. The estimate must be in writing
  - b. Remember that you may be the party doing the work, but we require the job scope and estimate to come from another company other than your own that specializes in the type of work to be performed.
  - c. The Department will generally accept one bid, but does reserve the right to request additional estimates
  - d. The Department will determine if the estimate is acceptable.

- 2. The Department has approved your cost estimate(s)**

You will be notified by the Accounting Team of the preparation of a legally binding Performance Agreement that you will enter into. This contractual agreement specifies the work that is required and the timeframe in which the work must be done. Please note that the performance agreement must be notarized.

- 3. The Department will add an administrative cost to the approved estimate on file.**

The County adds an administrative cost to ensure that we have the proper amount to cover our costs if this agreement falls into default. This administrative cost is fully refunded along with the cost estimated amount upon department approval of release of agreement. If you want to know the rate the department is using currently, please contact Wes Drysdale at (805) 781-5610.

## Performance Agreement Requirements

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### 4. Acceptable forms of Financial Security

- a. Cash bonds
- b. Certificates of Deposit, Time Deposits
- c. Letter of Credits – (Letters must be provided by a Federally Insured Bank in California, NO foreign establishments accepted)
- d. Surety bonds (Surety companies must be bonded and on file with the State of California)
- e. Other, please contact the Accounting Team.

### 5. You have now secured proper conveyance and have the Performance Agreement notarized

Contact the Accounting Team of the Department of Planning and Building. An appointment is best if you need to come in; otherwise, contact us to see how paperwork can be handled promptly in order to meet your needed deadline.

### 6. The Accounting Team will inform the project manager

The Accounting Team will inform your project manager that your performance agreement and financial security are secured.

## Completing your requirements:

1. When the conditions of your performance agreement have been met, and you feel the return of your financial assurance is in order, contact the Accounting Team at 805-781-5610 to request that your work be inspected.
2. A planner or building inspector will arrange a site visit within 5 (five) working days to ensure that all requirements and conditions have been met to the satisfaction of the County. They will notify the Accounting Team to initiate a release of your performance agreement.

## Needing additional time

1. All requests for time extensions must be in writing. You must provide us with an estimated date you will complete your bonding requirements. All extensions must come with proof that your financial assurance has additional time.

If you need assistance in securing a guarantee, contact the Accounting Division of the Department of Planning and Building, at 805.781.5610.