

VALLECITOS WATER DISTRICT

Explanation of Insurance & Bonding Requirements

Insurance Requirements

The Contractor shall purchase and maintain insurance as required by the District's Construction Agreement. The Developer shall provide certificates of insurance and endorsement showing that Developer has liability insurance coverage with an insurance company licensed to do business in the State of California, and acceptable to the District, providing the minimum coverage set forth in the construction agreement.

Security (Bonding) Requirements

Prior to Board approval, all projects, including modifications to any portion of the District's existing system, must have a Faithful Performance Bond and a Labor and Material Bond each based on 100% of the Engineer's estimate of cost.

These improvement bonds are released 40 days after final acceptance by the District's Board of Directors.

Prior to final acceptance by the Board of Directors, all projects must post a Warranty Bond equal to 25% of the original performance bond, effective for one (1) year from Board acceptance. The warranty bond will be returned one year from the date of final acceptance provided no liens are filed against the projects.

Acceptable Security Devices

1. *Faithful Performance Bond, Labor and Material Bond, and Warranty Bonds*
Executed in favor of Vallecitos Water District, must have an acceptable rating from Keys Best Guide, and be authorized to do business and have an agent for service of process in California. The District accepts standard bond forms used by most bonding companies.
2. *Cash Deposit* with District to replace either payment or performance bond or both.
3. *Certificate of Deposit* (Requires Board approval)
4. *[Instrument of Credit](#)* on a form acceptable to the District. No substitution or modification of the District's standard Instrument of Credit shall be accepted without approval of the District. (Requires Board approval)