

city of edmonds development information



BOND REQUIREMENTS AND PROCEDURES

GENERAL INFORMATION

Edmonds Community Development Code Sections 17.10, 20.75.130 and 20.15B.080F require Performance Bonds to be posted on commercial and multifamily projects, and on subdivisions (plats and short plats) to ensure all required site and public improvements are completed before the building is occupied (commercial/multifamily) and within one year of approval for subdivisions (plats and short plats). The bond amount is to cover the full cost of all required site improvements, including utilities, storm drainage and landscaping, and is based on the approved civil and landscape plans. The bond must be posted prior to permit (building or plat) issuance.

After all site and public improvements are installed and inspected by the appropriate City Departments, a two year Maintenance Bond is posted with the City to ensure the improvements will be maintained (bond amount is 15% of the original performance bond amount). The Maintenance bond must be posted prior to the release of the Performance Bond and prior to occupancy (when applicable).

TYPES OF BONDS

There are two types of “bonds” or financial guarantees that the City accepts for both Performance and Maintenance bonding.

- a. “*Bonding Company Bond*”. The developer or general contractor obtains a bond from a bonding or insurance company for the total amount of all site improvements as approved by the Engineering Program Manager and ADB Planner (the planner who worked with the Architectural Design Board (ADB) on the project). Only a licensed and bonded company can get a bond from a bonding company. The City has an approved form that is used by the bonding company. A contact person from the bonding company and a phone number must be specified on page two of this form and the bond must be notarized. Individuals cannot obtain a bonding company bond because they do not have the public liability insurance that the bonding company requires.
- b. “*Frozen Fund*”. This type of bonding allows a developer, owner or general contractor to create a frozen fund account (place money in a special account) at their bank for the total amount of all site improvement as approved by the Engineering Program Manager and ADB Planner. Like the bonding company form, this is an approved form that must be notarized, and includes the account number, bank contact person and phone number.

Note: If a developer wants to submit any other kind of financial guarantee, it must be approved by the City Attorney.

PERFORMANCE BONDS

The City will accept a Performance Bond from a developer, owner or general contractor on a project. The maximum bonding period is one year (this corresponds with the life of the building permit and time limit to complete plat and short plat improvements after plat/short plat approval). On extremely large projects, bonds may initially be posted for two years. The Engineering Program Manager determines what public and private improvements are required to be bonded for a specific project and establishes the bond amount based on the approved civil plans and the estimate submitted. Typically these include but are not limited to:

- a. Storm Sewer
- b. Sanitary Sewer
- c. Water System
- d. Curb, Gutter & Sidewalk
- e. Paving & Striping
- f. Grading & Temporary Erosion Control & Rockeries/Retaining Walls
- g. Fire Hydrant
- h. Street Lighting (if applicable)
- i. Landscaping: The Planning Division requires that ADB-approved landscaping is also a bonded site improvement item. The landscaper provides a written estimate based on the approved landscaped plan, and the ADB Planner approves the amount.

For commercial and multi-family building permits only, a performance bond will be required only for all required public improvements, but not for private site improvements. For subdivisions (plats and short plats), a performance bond must be posted for all site improvements, both private and public.

MAINTENANCE BONDS

Maintenance Bonds are required to ensure the maintenance of the site improvements and to guarantee against defects of workmanship and materials for a period of two years from the date of final project approval. The amount of the Maintenance Bond is calculated as 15% of the original Performance Bond amount. The Maintenance Bond must be in place before the City will release any of the Performance Bond (bonding company) or the remainder of any Frozen Funds. Grading and site demolition, although part of a performance bond, will not be included in the Maintenance Bond amount.

DETERMINING BOND AMOUNT

Performance bond amounts are determined by an engineer's cost estimate or contractor's bid for the full cost (including labor, material, equipment, supervision, overhead, profit, etc.) of all required site and public improvements and landscape work, etc. as shown on the approved civil plans. All estimates or bids must be itemized and must include material, quantities, units and total unit price. The engineer's estimate or contractor's bid must include all site improvements, both public and private. For commercial and multi-family projects only, the estimate or bid must

indicate the private and the public improvements separately. Although, for commercial and multi-family projects, the bond amount is based only upon the public improvements, the 2.2% engineering inspection fee is based upon both the public and private improvements. The engineer's estimate or contractor's bid submitted by the developer or his/her designated point of contact will be reviewed and verified by the Engineering Program Manager and the ADB Planner. When the estimate or bid is verified and approved by the Engineering Division, the approved estimate or bid is then multiplied by 1.2 to determine the Performance Bond amount. This additional amount is added to cover prevailing wages, oversight, and other such costs to represent the full cost to the City to complete the construction/installation of the improvements should the developer fail to complete the site improvements.

Once the engineer's estimate or contractor's bid is verified and the bond amount is established and approved/accepted by the Engineering Division, the bond amount will not be subsequently adjusted for changes in scope of work, materials, methods, quantities, increases or decreases, etc. that may be elected by the developer.

BOND RELEASE

- a. *Performance Bond (bonding company)*: This type of Performance bond, whether under a building permit or short plat/subdivision, cannot be released until all bonded site improvements have been completed and approved. Once all the bonded improvements have been approved by the City Inspector, the developer must submit, in writing, a request to release the performance bond. The letter must be addressed to the appropriate Department: Permit Coordinator for building permits; Engineering Division for short plats/subdivisions; and the Planning Division for landscaping. However, before the City can release the bond, a 15% maintenance bond must be submitted. Once the maintenance bond has been submitted and approved, the City will write the bonding company authorizing release of the performance bond.
- b. *Performance Frozen Fund*: This type of performance bond, whether under a building permit or subdivision (plat or short plat), can only be released as each complete bonded utility or improvement (i.e., all storm, all sewer, etc.) is completed and approved by the City, or it may be released in total at the completion and approval of all bonded site improvements for the entire project. Once the bonded improvements have been approved by the City Inspector, the developer must submit, in writing, a request to release the bond for only those tasks that have been completed. The City reviews the request and, if the work has been approved, will authorize release, via a letter to the lending institution, of those requested funds less 15%, which is held to insure there are sufficient funds left to complete the remaining work. Once all bonded site improvements have been completed and approved, the developer must submit a request for release of the remaining bond amount, but before the City can release those remaining funds, a 15% maintenance bond must be submitted. Once the maintenance bond has been submitted, the City will write the lending institution authorizing release of the remaining frozen funds.
- c. *Maintenance Bond (Bonding Company Bond or Frozen Fund Account)*: Maintenance bonds will only be released upon satisfactory completion of the two year period. Upon completion of the two year period, the developer must submit in writing, a request to

release the maintenance bond or maintenance frozen fund. The letter must be addressed to the appropriate Department: Permit Coordinator for building permits; Engineering Division for short plats/subdivisions; and the Planning Division for landscaping.