

SECTION 11.0

'PUBLIC IMPROVEMENT BOND' PROCESS

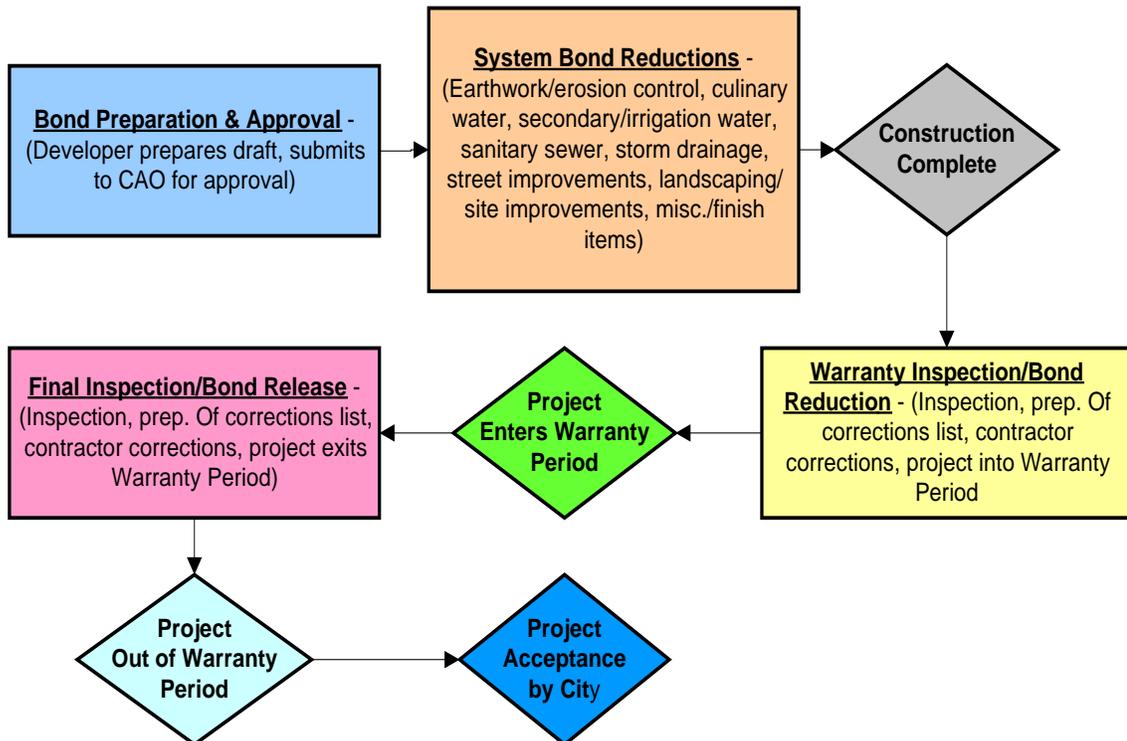
11.1 GENERAL

The purpose of this section is to address issues related to *the 'Public Improvement Bond'* and its various parts. There are four main parts to this process which include:

1. Bond preparation and approval
2. System bond reductions
3. Warranty inspection/bond reduction and
4. Final inspection/bond release *

The '*Public Improvement Bond*' consists of processes as shown below:

Flowchart No. 16-01 Overall Public Improvement Bond Process



The bond preparation, establishment, reductions and releases are specified in various sections of the City Municipal Code. Developers, their contractors and staff are to be familiar with the various provisions of the Code and how they might apply to the various bonds.

11.2 PRIVATE DEVELOPMENT CONSTRUCTION INSPECTION MANUAL

The City has adopted a *Private Development Construction Inspection Manual* (PDCIM). Various sections of the PDCIM have been prepared to provide a step-by-step process for preparation, establishment, reductions and releases of public improvement bonds. In addition, the Manual contains appendices, which include inspection and certification checklists for the various systems to be released. Please refer to this Manual for additional information.

11.3 ACRONYMS AND DEFINITIONS

The following acronyms and definitions apply to this section:

Acronyms

- a. CAO – City Attorney’s Office
- b. CDD – Community Development Department
- c. DPM – Development Processing Manual
- d. ED – Engineering Department
- e. PDCIM – Private Development Construction Inspection Manual
- f. ODA – Office of Development Assistance
- g. PWD – Public Works Department

Definitions

- a. Bond estimate sheet – The spreadsheet used by the Engineering Department to prepare cost estimates for which bonds will be prepared. Contact the City Engineer for the most current version of this document.
- b. Bond reduction – The reduction of the established bond by system categories.
- c. Bond release – The complete release of all bond proceeds after the project is complete and a final inspection has been performed.
- d. Certification form – A City prepared form that is used by the Developer to certify the project has reached a certain stage in construction.
- e. Contractor – This is the general contractor for the project, or may be a subcontractor for a portion of the project. In either case, it is the party responsible for the construction in question, and the entity to whom the Developer looks to address a particular construction issue.
- f. Corrections list – A list of items needing to be completed or corrected. Is also referred to as a *‘punchlist’*.
- g. Days – Unless otherwise so stated in this section, days refers to *‘calendar days’*.
- h. Developer – The party responsible from the private development side of the project, for due diligence, planning, designing, constructing, and getting the project accepted.
- i. Final inspection – Inspection that comes at the end of the Warranty Period.
- j. Final bond release – The release of the public improvement bond after the final inspection at the end of the Warranty Period.
- k. Finish items – Signifies those items, which are required to be completed in order to fully complete the construction of the project, such as valve covers, street signs, etc.
- l. Inspection checklist – Checklists used for inspection of the *‘system’* improvements.
- m. Manual – As used in this section, this refers to the Development Processing Manual.
- n. Public infrastructure – Culinary water, storm drainage, irrigation, roadways, fencing, etc. infrastructure construction which is to be dedicated to the City.
- o. Project – The *‘project’* is defined as the construction shown on the *‘Released for Construction Drawings’*, and is also defined as the project reviewed and approved by the Planning Commission.

- p. Punchlist – Please see ‘*Corrections List*’.
- q. Released for Construction Drawings – Set of drawings reviewed and approved as part of the project approval, which are signed by affected City departments.
- r. System Categories– Earthwork and erosion control, culinary water, sanitary sewer, storm sewer, street improvements, secondary water, finish items and other categories approved by the city engineer. The bond releases are given by the completion of the 8 *system categories*’.
- s. Warranty bond reduction – This is the bond reduction to begin the warranty period.
- t. Warranty inspection – The inspection performed at the time of completion of the project, and which is just prior to going into the Warranty Period.
- u. Warranty period – That period of time between the Warranty Inspection and Final Inspection, when the City agrees that all items on these corrections lists have been completed, and the project meets all City requirements. The Warranty Period for the ‘*Public Improvement Bond*’ is 1-year, and will be different for the other bonds.

11.4 DEVELOPERS ROLE

The Developer has the primary and an integral role in the preparation, establishment, reduction and release of the improvement bonds. These responsibilities include:

- A. Bond Estimate Sheet(s) - The Developer and his/her engineer, is to submit to the Engineering Department a complete bond estimate sheet(s), on the forms provided by the Engineering Department. The Developer is responsible for submitting a reasonable listing of public improvements, landscaping and non-public improvements in common areas.
- B. Bond Agreement Form Preparation - The Developer is to submit a bond agreement in the form of a Letter of Credit, Escrow Deposit, Surety, or Cash. The bond agreements are available on the web at www.wjordan.com or at the City of West Jordan, which is to be approved by the City Attorney Office.
- C. Developer/Contractor Certification for Bond Reduction/Release - The Developer is responsible for understanding and being involved with the progress on construction of his/her project, prior to submitting a written bond reduction or release request. Many times, the Contractor indicates he is ready for a bond reduction or release, when this is not the case. As such, the City has prepared a ‘*certification form*’ for the various ‘*systems*’, which the Developer and his contractor are to complete as part of the written reduction/release request. This form must be properly completed and submitted to the Engineering Department before the Engineering Department inspection staff will initiate an inspection of the ‘*system*’, for which a reduction/release is being requested. Once the ‘*certification form*’ is completed and submitted, an inspection by engineering staff will be promptly completed. If it is found during the inspection that the ‘*system*’ is not ready for inspection, the Engineering inspector will return a written response to the Developer indicating the items that are not complete. Subsequent inspections after the first inspection will be billed to the Developer on an hourly rate basis.
- D. Timely Completion of Corrections List (Punchlist) - Once an inspection has been conducted by the Engineering Inspector, and a Corrections List (Punchlist) has been completed, the Developer and his Contractor are responsible for making the required corrections and notifying the Engineering Inspector that the corrections

have been made within 30-calendar days, or the Corrections List becomes null and void and a new Corrections List will be required to be prepared. Additional inspection work required of the Engineering Inspector will be charged to the Developer for this additional work.

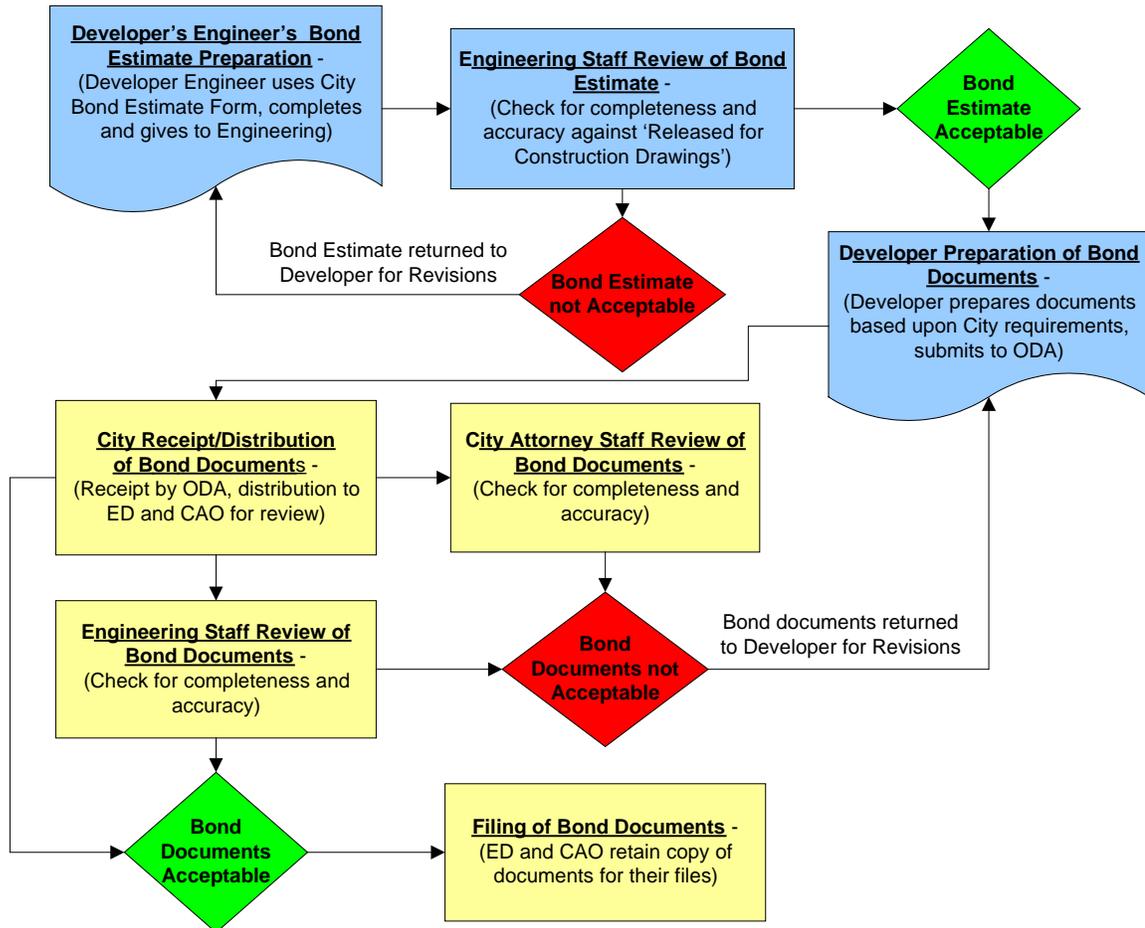
11.5 CITY ROLE

The City has an integral role in the review of the preparation, establishment, reduction and release of bonds. These responsibilities include:

- A. Bond Estimate Sheet –The Engineering Department will review and either return the bond estimate sheet to the Developer and his/her engineer for additional work, or will approve the draft bond estimate sheet for further processing.
- B. Bond Agreement Form - The City Attorney’s Office (CAO) is responsible for the review and approval of the bond agreement form.
- C. Bond Estimate Unit Prices – The City Engineer is responsible for revising the City’s bond estimate unit prices on at least a yearly basis (January or every year). The City Engineer may revise the bond estimate unit prices on a more frequent basis in cases where it is deemed necessary.
- D. Developer/Contractor Certification for Bond Reduction/Release – City staff will review the ‘*certification form*’ and perform an inspection on the ‘*system*’ and will provide the Developer and Contractor a written response regarding their request within 7-days.
- E. Timely Completion of Corrections List - Once the Developer has submitted a written indication that the Corrections List is complete, the Engineering Inspector will inspect the project again in relation to the Corrections List. The Engineering Inspector will provide a written response within 7-days as to whether the corrections list was completed, or whether items were not completed.

11.6 BOND DOCUMENTS PREPARATION AND APPROVAL

The Developer has primary responsibility for bond document preparation and submission to the City. The bond documents preparation process is described as shown below:

Flowchart 16-02 – Bond Documents Preparation and Approval Process

- A. Developer Engineer's Bond Estimate Preparation – The first step in the preparation of the bond documents, is the Developer's preparation of a draft bond estimate sheet. This is accomplished by obtaining a blank sheet from the City Engineer, and using the finalized released for construction drawings for the project to prepare a draft bond estimate for the project. This document is to be stamped and signed by the Developer's engineer and submitted to the City Engineer for his/her review and approval. The Developer is responsible for submitting a reasonable listing of public improvement, landscaping and non-public improvements in common areas.
- B. City Staff Review of Bond Estimate – The engineering department will review and compare it against the released for construction drawings. The bond estimate will either be returned the developer for additional work, or will be approved for further processing. The Developer is responsible for ensuring the necessary corrections are made and the document returned to the City Engineer for approval.
- C. Developer Submission of Bond Agreement – The Developer is to submit a bond agreement in the form of a Letter of Credit, Escrow Deposit, Surety, or Cash. The bond agreements are available on the web at www.wjordan.com or at the City of West Jordan. The bond agreement is approved by the City Attorney Office.

The bond agreement guarantees the installation of public and non public improvements. These are discussed below:

1. Public Improvement Bond - Infrastructure – The engineering department is responsible for establishing and releasing the public improvement bond related to public improvements. This includes all of the items listed below.
 - a. Earthwork and erosion control
 - b. Culinary water
 - c. Sanitary sewer
 - d. Storm sewer
 - e. Street improvements
 - f. Secondary water
 - g. Finish items
 - h. Other categories as approved by the city engineer
2. Non-public Improvement Bond – This bond is applied to projects where on-site, non-public, landscaping, or common area improvements are required and are included as an addendum to the improvement guarantee. The Engineering Department is responsible for the administration of this bond with cooperation from the Community Development Department, which includes bond preparation, establishment, reductions and releases.
3. Public Improvement Bond – Landscaping & Street Lighting – The bond for public landscaping and street lighting is included in the bond agreement as an addendum as the warranty period is different from the typical one year.
4. Land Disturbance Activities - Improvement Bond, Revegetation Bond, and Restoration Bond. – The engineering department is responsible for the establishing and releasing of bond related to land disturbance, grading, erosion control, revegetation and restoration of areas disturbed as part of development projects.

D. City Attorney Approval of Bond - The city attorney is responsible for the review and approval of the bond agreement.

11.7 RELEASED FOR CONSTRUCTION DRAWINGS

It is from these documents that the bond estimate sheet and bond are to be prepared. They are a specific set of documents, which are signed by the city and defines the specific public and non public improvements to be constructed as part of the project.

In the case where items are changed during construction, the Developer and his/her engineer/contractor are to submit proposed revised changes, which the City Engineer will then review, approve or deny, and make part of the '*Released for Construction Drawings*'. If the changes are significant enough, the '*bond estimate sheet*' must also be revised, and a new Public Improvement Bond prepared for these revisions.

11.8 BOND REDUCTIONS

Bond proceeds will be reduced on a '*system-by-system*' basis, and at the most, once monthly. Once all items under a given '*system*' description have been constructed, inspected and deemed completed by the Engineering Inspector, a written request from the Developer will initiate the processing of the necessary bond reduction. This will result in a 75-percent total reduction in the bond amount for each system prior to the beginning of the Warranty Period, minus the '*Finish*

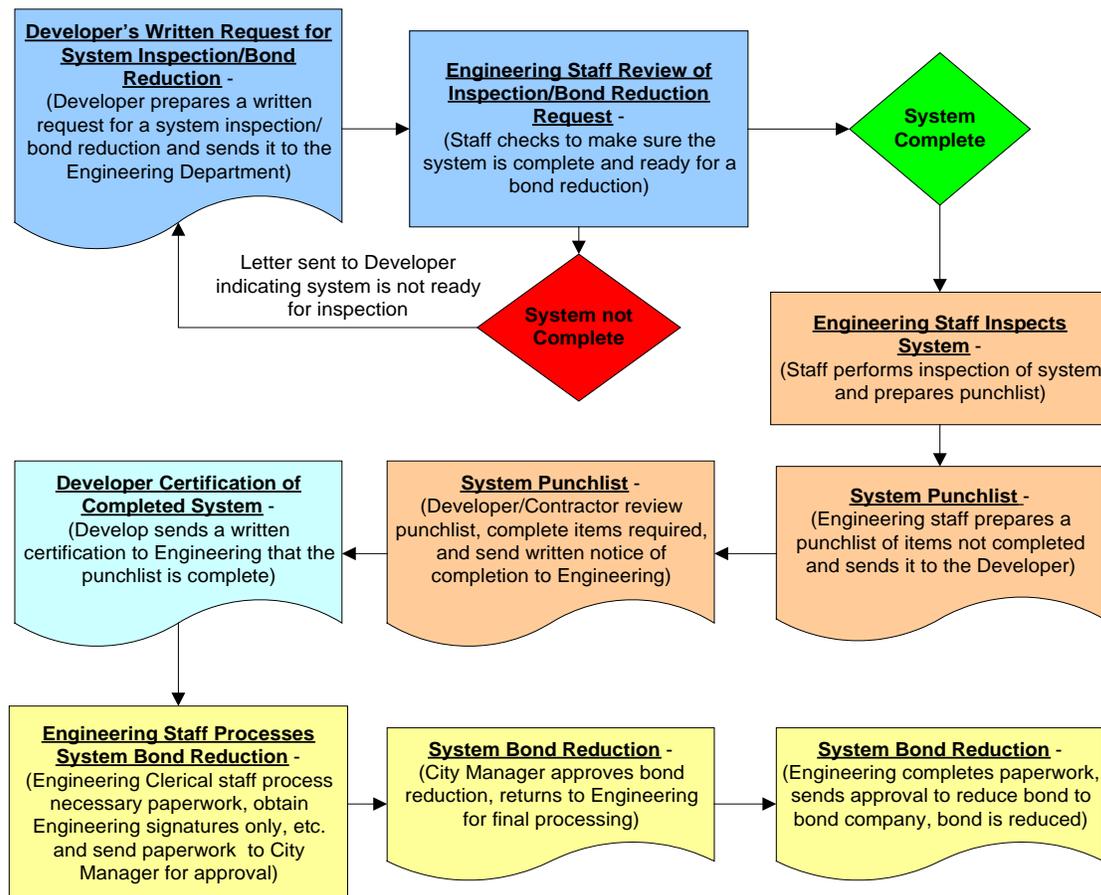
Items' portion of the bond. Once the Warranty Inspection has been completed, all Corrections List items completed and verified by the Engineering Inspector, the remaining 'systems' amounts plus the 90-percent of the 'Miscellaneous Items' portion of the bond will be released at this time. At the end of the Warranty Period, the remaining 10-percent of the 'Public Improvement Bond - Infrastructure' will be released. The 'Public Improvement Bond - Landscaping & Street Lighting' which has a longer warranty period will not be released until its requirements have been met.

11.9 SYSTEM INSPECTION BOND REDUCTION

Bond reductions are on a "system by system" basis to ensure the quality of the end product and speed up the acceptance process. The eight systems are:

- a. Earthwork and erosion control
- b. Culinary water
- c. Sanitary sewer
- d. Storm sewer
- e. Street improvements
- f. Secondary water
- g. Finish items
- h. Other categories as approved by the city engineer

Flowchart 16-03 – System Bond Reduction Process



A. Developer Written Request for System Inspection and Bond Reduction

City staff will be using the checklists contained in the '*Private Development Construction Inspection Manual*' for inspection of the project. The Developer is required to have gone through these same checklists, and ensured each of the items is complete, prior to requesting a system release for that particular system.

The Developer is to provide the Engineering Department with a written request for a bond reduction and a certification that the '*system*' work is ready for inspection and reduction. A City form has been prepared for this purpose.

The written request and certification begins the inspection of the completed system and ensures that the developer has completed the work and is ready for an inspection. A written request and certification form is required for each system release. The forms are to be signed and dated.

City inspection staff will review the written request and certification and respond in writing to the Developer if the project is not ready for an inspection. If the request and certification are in order, the Engineering Inspector will schedule the project for an inspection.

B. System Inspection and Punchlist Preparation

Using the checklists from the Private Development Construction Inspection Manual, engineering inspection staff will inspect the system being requested to be released. If it is determined that the system is not complete and therefore not ready for an inspection, the developer will be notified of such. If the system is worthy of an inspection, then the inspection will be performed and a punch list prepared. The engineering inspector and the engineering inspection supervisor will be involved in the inspection and each person will sign the inspection form.

C. Developer Punchlist Corrections

The Developer/Contractor are required to complete all of the items indicated on the system/project punchlist and then notify the Engineering Department in writing through the use of the proper certification form, that the work is complete.

Once the punchlist has been prepared and sent to the Developer and Contractor, they are required to complete the items indicated on the punchlist. If there are questions regarding any items on the punchlist, please contact the engineering inspector for additional information. The Developer is required to complete all of the items indicated on the punchlist.

The punchlist has a life of 30 calendar days. If items listed on the punchlist are not completed within the 30-day time period, the system will need to be reinspected and a new punchlist prepared, which will also have a life of 30-days. One inspection is included in the '*inspection fee*' and therefore, any inspections beyond the first inspection must be paid for by the Developer in addition to the original inspection fee.

Once the Developer/Contractor has completed the City's inspection punchlist, the Developer is to certify in writing that the punchlist items have been corrected and a re-inspection is desired. The engineering inspector will re-inspect and certify all items have been completed and then begin the bond reduction process.

Bond Reduction Processing

The engineering inspection supervisor will forward his approval to the Engineering clerical staff for bond reduction processing. The Engineering clerical staff will initiate the processing of the paperwork necessary to reduce the bond and obtain the required signatures on the reduction form.

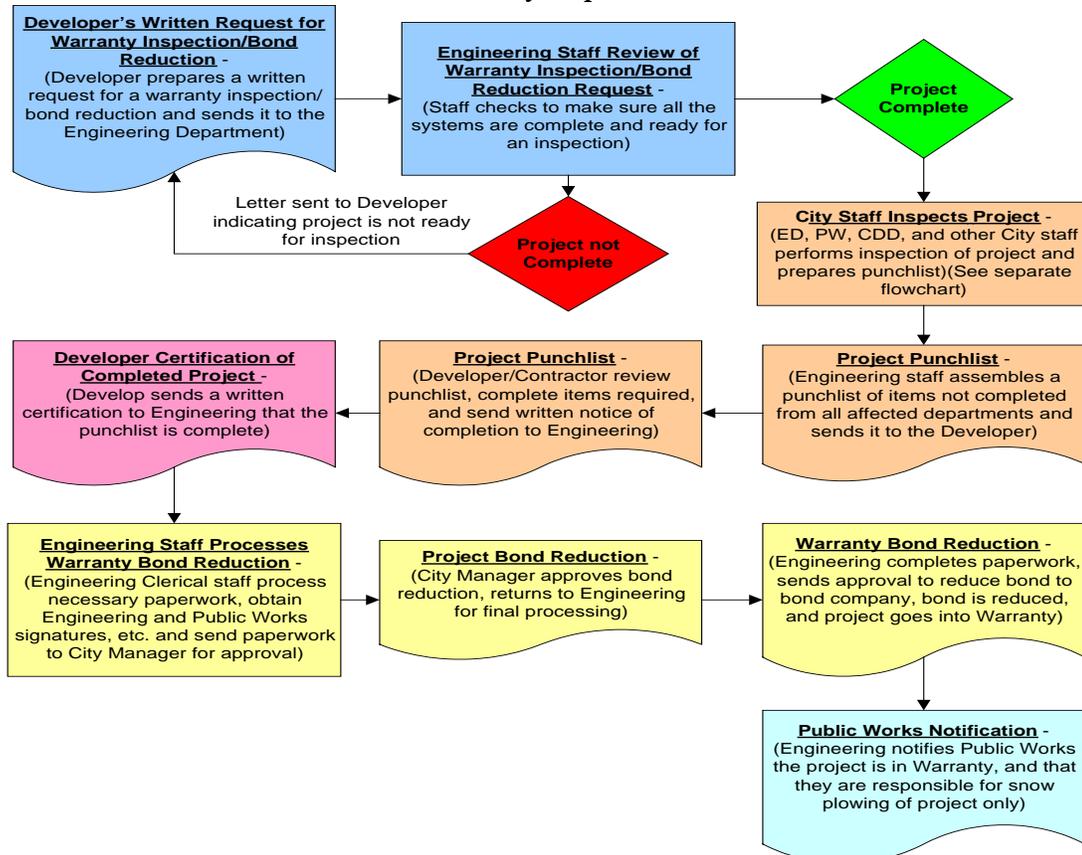
System bond reductions will require only the signatures of the Engineering Inspector, Engineering Inspection Supervisor, and the City Engineer for processing. Once the project reaches the Warranty Inspection, and Final Inspection stage, then other departments will be involved to ensure their concerns are also addressed

The completed reductions forms are forwarded to the city manager for approval of the system release. Once approved by the city manager, the administrative assistant will then copy the documents and distribute them to the Developer.

11.10 WARRANTY INSPECTION BOND REDUCTION

The Warranty Inspection is the time at which the Developer/Contractor and City agree the project is complete, and the Warranty Period can begin. It assumes that an inspection of the entire project will be performed, a punchlist prepared and given to the Developer/Contractor, and that the punchlist is completed. Once it is agreed that the punchlist is completed, then the Warranty Period can begin. In addition to the descriptions contained in this Manual, also please refer to the PDCIM, ‘Section 5.0 – Warranty Inspection/Acceptance Requirements’ for additional details regarding this process. The process is described as follows:

Flowchart 16-04 Warranty Inspection/Bond Reduction



A. Developer Application for Warranty Inspection

City staff will be using the checklists contained in the *‘Private Development Construction Inspection Manual’* for a warranty inspection of the project. The Developer is required to have gone through these same checklists, and ensured each of the items is complete, prior to requesting a warranty inspection and bond reduction.

The Developer is to provide the Engineering Department with a written request for a warranty inspection and a certification that the project work is ready for inspection and reduction. A City form has been prepared for this purpose.

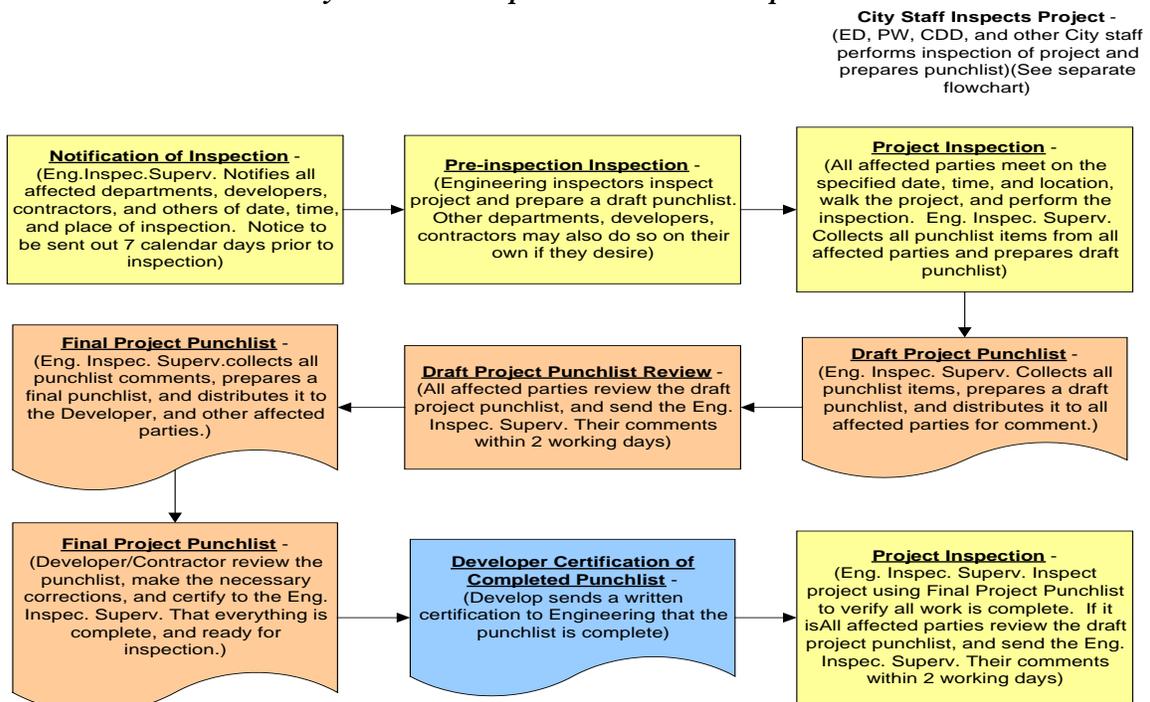
The written request and certification begins the inspection of the completed project and ensures that the developer has completed the work and is ready for an inspection. A written request and certification form is required for a warranty release. The forms are to be signed and dated.

City inspection staff will review the written request and certification and respond in writing to the Developer if the project is not ready for an inspection. If the request and certification are in order, the Engineering Inspector will schedule the project for a warranty inspection.

B. Project Inspection and Punchlist Preparation

Using the checklists from the Private Development Construction Inspection Manual, engineering inspection staff will inspect the project. If it is determined that the system is not complete and therefore not ready for an inspection, the developer will be notified of such. If the project is worthy of an inspection, then the inspection will be performed and a punch list prepared. The engineering inspector and the engineering inspection supervisor will be involved in the inspection and each person will sign the inspection form.

Flowchart 16-05 Warranty and Final Inspection/Punchlist Preparation



C. Developer Punchlist Corrections

The Developer/Contractor are required to complete all of the items indicated on the warranty punchlist and then notify the Engineering Department in writing through the use of the proper certification form, that the work is complete.

Once the punchlist has been prepared and sent to the Developer and Contractor, they are required to complete the items indicated on the punchlist. If there are questions regarding any items on the punchlist, please contact the engineering inspector for additional information. The Developer is required to complete all of the items indicated on the punchlist.

The punchlist has a life of 30 calendar days. If items listed on the punchlist are not completed within the 30-day time period, the system will need to be reinspected and a new punchlist prepared, which will also have a life of 30-days. One inspection is included in the '*inspection fee*' and therefore, any inspections beyond the first inspection must be paid for by the Developer in addition to the original inspection fee.

Once the Developer/Contractor has completed the City's inspection punchlist, the Developer is to certify in writing that the punchlist items have been corrected and a re-inspection is desired. The engineering inspector will re-inspect and certify all items have been completed and then begin the warranty bond reduction process.

D. Warranty Bond Reductions Processing

The engineering inspection supervisor will forward his approval to the Engineering clerical staff for bond reduction processing. The Engineering clerical staff will initiate the processing of the paperwork necessary to put the project into the warranty period and reduce the bond and obtain the required signatures on the reduction form.

Warranty bond reductions will require other departments including: engineering, planning, and public works.

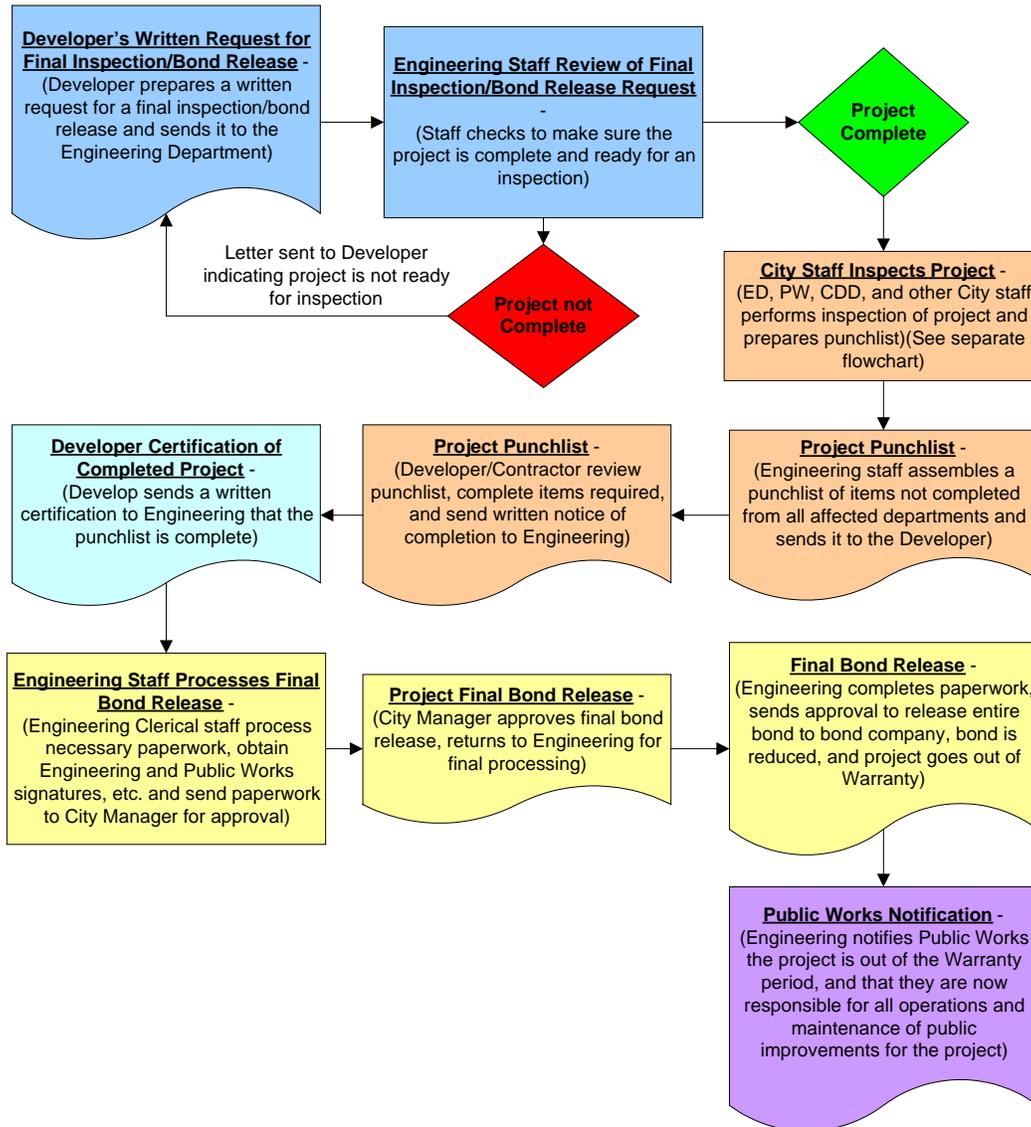
The completed reductions forms are forwarded to the city manager for approval to begin the warranty period and bond release. Once approved by the city manager, the administrative assistant will then copy the documents and distribute them to the Developer.

E. Public Works Department Notification

Engineering staff notifies Public Works they are responsible for now snow plowing for the project only. All other maintenance activities are still the responsibility of the Developer until the Warranty Period is complete, and the project accepted by the City.

11.11 FINAL INSPECTION AND BOND RELEASE

A final inspection is to set the time at which the Developer/Contractor and City agree the Warranty Period is complete and the process for a final inspection and bond release can begin.

Flowchart 16-06 Final Inspection Bond Release Process

A. Developer Application for Final Inspection

City staff will be using the checklists contained in the *'Private Development Construction Inspection Manual'* for a final inspection of the project. The Developer is required to have gone through these same checklists, and ensured each of the items is complete, prior to requesting a final inspection and bond release.

The Developer is to provide the Engineering Department with a written request for a final inspection and a certification that the warranty period is over and is ready for inspection and release. A City form has been prepared for this purpose.

The written request and certification begins the inspection of the completed project and ensures that the developer has completed the work and is ready for an inspection. A written request and certification form is required for a final release. The forms are to be signed and dated.

City inspection staff will review the written request and certification and respond in writing to the Developer if the project is not ready for an inspection. If the request and certification are in order, the Engineering Inspector will schedule the project for a final inspection.

B. Project Inspection and Punchlist Preparation

Using the checklists from the Private Development Construction Inspection Manual, engineering inspection staff will inspect the project. If it is determined that the project is not ready for a final inspection, the developer will be notified of such. If the project is worthy of an inspection, then the inspection will be performed and a punch list prepared.

See Flowchart 16-05 Warranty and Final Inspection/Punchlist Preparation

C. Developer Punchlist Corrections

Once the punchlist has been prepared and sent to the Developer and Contractor, they are required to complete the items indicated on the punchlist. If there are questions regarding any items on the punchlist, please contact the engineering inspector for additional information. The Developer is required to complete all of the items indicated on the punchlist.

The punchlist has a life of 30 calendar days. If items listed on the punchlist are not completed within the 30-day time period, the system will need to be reinspected and a new punchlist prepared, which will also have a life of 30-days. One inspection is included in the 'inspection fee' and therefore, any inspections beyond the first inspection must be paid for by the Developer in addition to the original inspection fee.

Once the Developer/Contractor has completed the City's inspection punchlist, the Developer is to certify in writing that the punchlist items have been corrected and a re-inspection is desired. The engineering inspector will re-inspect and certify all items have been completed and then begin the final bond release process.

D. Final Bond Release Processing

The engineering inspection supervisor will forward his approval to the Engineering clerical staff for bond release processing. The Engineering clerical staff will initiate the processing of the paperwork necessary for a final acceptance and bond release and obtain the required signatures on the reduction form.

Final bond release requires other departments including: engineering, planning, and public works.

The completed release forms are forwarded to the city manager for approval to accept the project and final bond release. Once approved by the city manager, the administrative assistant will then copy the documents and distribute them to the Developer.

E. Public Works Department Notification

Once the final inspection and bond release have been approved by the city manager, engineering staff notifies Public Works they are responsible for all operations and maintenance for the project.

11.12 PAYMENT FOR EXTRA INSPECTIONS

City inspection fee estimates include only one inspection for each type of inspection. The assumption is that the Developer and Contractor have performed their own inspection based upon the City's inspection forms, that everything is complete, and that it is ready for City inspection. It is not the City's role to provide *'quality control/quality assurance'* for the developer's project, which we feel can be done in one inspection by City staff. Should the inspection require more than one inspection for a *'system'* bond reduction/release, the Developer will be charged on an hourly rate basis for the City's additional work effort.

11.13 ACCEPTANCE BY CITY

The *'project'* will not be accepted by the City until all of the City's requirements have been met. Acceptance requirements are fully described in Private Development Construction Inspection Manual.
