



CITY OF PARKLAND ENGINEERING DIVISION BONDING PROCEDURE

Policy Number EN-2014-000-01

Date Approved: April 1, 2014

Revised June 28, 2022

SUBJECT: Bond criteria for construction projects within private rights of way.

PROCEDURE: To define bonding procedures for works performed within private rights of way.

POLICY: As defined by section 145-150 and 145-160 of the Code of Ordinance, a performance bond shall be required for construction in private rights-of-way relating to the construction of roadways and infrastructure improvements.

PROCEDURE:

- ✓ Developer or responsible entity ("Developer") shall post a performance Bond with the City of Parkland ("CITY") for construction related only to roadway(s) and infrastructure improvement within the development.
- ✓ This performance bond shall be required prior to approval of an Engineering permit for the proposed construction.
- ✓ All performance bonds are to be in a penal sum of at least equal to 125 percent of the certified engineering estimate of the work shown in the approved plans (if approved plans are not available, then based on the scope of work approved by the city engineer) and based upon industry pricing or the most current Broward County Estimate Form.
- ✓ The itemized cost must be reviewed and accepted by the City prior to bond approval.
- ✓ A copy of the sample performance bond or letter of credit form is available on the City of Parkland's Engineering webpage.
<https://www.cityofparkland.org/DocumentCenter/View/13053/Letter-of-Credit-Performance-of-Developers-Project?bidId=>
- ✓ The submitted itemized construction cost for establishing the performance bond shall be signed and sealed by an Engineer registered in the State of Florida. Cost established for the proposed construction is at the sole responsibility of the Engineer of Record.

- ✓ A performance bond shall be posted in the form of certified check, surety bond or letter of credit. All bonds must be in a form acceptable to the city and the city attorney and issued by an approved domestic surety company with a AAA rating in the latest "Best's Insurance Guide with Key Ratings" or by listing in U.S. Treasury Department circular called "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies,". The performance bond shall obligate the developer as principal, and the surety company as surety and shall be payable to the city as obligee.
- ✓ Conditions applicable to the performance bond shall be;
 1. The performance bond(s) shall cover the same independent obligations as the public construction bond specified in Section 255.05, Florida Statutes and all losses, damages, expenses, costs, and attorneys' fees, including appellate proceedings the city sustains because of default by the developer; and
 2. Elate proceedings, that CITY sustains as a result of default by developer on work as established by the Construction Plans and Specification for the development and quantified in the provided itemized construction cost; and
 3. Whenever the Developer is declared by the CITY to be, in default of work as established by the construction Plans and Specifications for the development, the means of bonding shall promptly remedy the default by ensuring that the work is completed in accordance with the specifications; and
 4. No action shall accrue on the bond to or for the use of any person or corporation other than the CITY.
- ✓ After final acceptance of the completed facilities by the city and the satisfactory performance of developer obligations up to commencement of the warranty period, the city may release the required performance bond (and may release all other alternative financial assurances set forth in this section) upon receipt of a substitute guarantee, maintenance cash bond, or warranty bond.
- ✓ Release of the performance bond shall require review by the City Engineer and approval of the City Manager or his/her authorized designee.
- ✓ The City Manager or the City Manager's authorized designee may consider and approve a partial release of any performance bond provided that;
 1. At least 50 percent of the bonded improvements have been completed; and
 2. A performance bond is maintained in a penal sum equal to 125 percent of the certified engineering estimate of the remaining work shown in the approved plans and based upon industry pricing or the most current Broward County Estimate Form; or
 3. If approved plans are not available, a performance bond is maintained in a penal sum equal to 125 percent of the certified engineering estimate of the remaining work as determined by the city engineer and based upon industry pricing or the most current Broward County Estimate Form.
 4. Partial release of the performance bond shall require review by the City Engineer and approval of the City Manager or his/her authorized designee

- ✓ In order to release the performance bond, the Developer shall;
 - 1. Satisfy all conditions outlined in the performance bond; and
 - 2. Notify the City Engineer, in writing, of its request to release the performance bond; and
 - 3. Provide all supporting documentation to illustrate compliance of the conditions of the performance bond; and
 - 4. Request the City Engineer to inspect improvements; and
 - 5. Post a warranty bond, per the terms of the CITY's Code of Ordinance Section 145-160. The warranty bond shall be for a period of two (2) years at a bond amount of twenty-five (25) percent of the cost of all related construction. In the case of private rights-of-way, an alternate security acceptable to the city commission may be substituted for a warranty bond.
- 6. Bond Release Form can be found on the Engineering page of the City's website.
<https://www.cityofparkland.org/DocumentCenter/View/9975/Bond-Release-Form?bidId=>
- ✓ A warranty bond shall be posted in the form of certified check, surety bond or letter of credit. All bonds must be in a form acceptable to the city and the city attorney and issued by an approved domestic surety company with a AAA rating in the latest "Best's Insurance Guide with Key Ratings" or by listing in the U.S. Treasury Department circular called "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies,". The warranty bond shall obligate the developer as principal, and the surety company as surety and shall be payable to the city as obligee.
- ✓ Once the two (2) year period, as stated above, has elapsed then the warranty bond will be eligible for release.
- ✓ To release the warranty bond posted with CITY the Developer must;
 - 1. Notify the CITY Engineer, in writing, of its request to release the bond; and
 - 2. Request the CITY Engineer to re-inspect improvements prior to the expiration date of the warranty bond; and
 - 3. If re-inspection shows deficiencies, the Developer shall make necessary repair(s) to correct such deficiencies as determined by the CITY Engineer. The Developer shall extend the warranty bond until said deficiencies are corrected; and
 - 4. The Developer shall provide a warranty bond release report of approval by the CITY Engineer. If inspection is satisfactory to the CITY Engineer as evidenced by a warranty bond release report, the warranty bond shall be released.

Alexander Barr, PE

June 28, 2022

City Engineer

Date