



CITY OF POQUOSON

ENGINEERING DEPARTMENT

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MEMORANDUM

DATE: September 7, 2005

FROM: City Engineer & Infrastructure Coordinator

SUBJECT: Defect Bond Amounts

TO: City Manager
Community Development Coordinator

To provide adequate protection for the City as well as equity and consistency in determining the amount of surety required of a defect bond, the surety amount will be determined as follows:

Appendix B, Section 10-11 of the Poquoson Code of Ordinances states that before the City shall accept or approve any subdivision improvements the developer shall enter into an agreement with the City and shall furnish to the City a letter of credit, certified check or bond with surety satisfactory to the City to guarantee the design, workability, workmanship and materials of said improvements. The form of the agreement and type of bond or letter of credit shall be approved by the City attorney. The amount of the bond, letter of credit or certified check and designated length shall be fixed by the City.

It shall be the policy of the City to fix the amount of the bond for 2 years at 25% of the cost to construct the infrastructure including all road sub-base, base and surface treatment, curb and gutter, sewage systems and storm drain systems including any structures used therein except for excavation of any retention or detention pond. The number shall be calculated using the approved engineers estimate of construction cost escalated by the previous CPI to the date of acceptance plus escalation of an additional 2 years based on the average CPI increase in the proceeding 2 years. If the project is accepted with known defects, the amount of the surety shall be increased based on any known defects by 100% of the cost to repair the defect at the end of the 2-year defect period.

Although the above calculations determine the amount of the surety required before acceptance of project by the City, this does not limit the developer's liability to properly correct any failure of any part of the infrastructure.