

**[12.50.020 Performance Guarantee](https://payson.municipalcodeonline.com/book?type=ordinances" \l "name=12.50.020_Performance_Guarantee)**

For a traditional bond the developer must record the plat prior to scheduling the pre-construction meeting. The developer/owner must submit all of the documents required on the Pre-Construction application and post an acceptable performance guarantee, which assurance shall guarantee the proper and timely completion of all such Required Improvements. The performance guarantee must be provided to Payson City in the form of a cash bond or irrevocable letter of credit from a financial institution acceptable to the City.

The performance guarantee shall be in an amount equal to one hundred ten (110) percent of the estimated cost for construction of all required public improvements for the project, including: (1) cost of materials; (2) cost of installation; (3) warranty amount for the public improvements; (4) cost for clean-up of the site following completion of construction; and (5) amount of reimbursement for public improvements constructed by previous developers, if any.

The amount of the performance guarantee shall be determined by the City Engineer, or designee. The following procedure should be utilized by the City Engineer to establish the amount:

1. Applicant shall provide to the City Engineer a detailed cost estimate for construction of all required public improvements for the project, including all costs associated with the improvements listed above. The estimate should be the construction bid from the contractor who will be performing the work and include the unit cost, unit description, unit quantity, and the total cost for each item.
2. The City Engineer shall review and accept or decline the proposed costs from the applicant. In the event the City Engineer declines to accept the proposed cost estimate, staff shall provide notice to the applicant of which line items are not acceptable and the reason for the declination.
3. Applicant shall resolve the line items declined by the City Engineer and re-submit a detailed cost estimate.
4. The City Engineer shall review the re-submittal to determine the amount of the performance guarantee.

The approved engineer’s estimate for a project shall be valid for a period of sixty (60) days. If a developer has not provided the performance guarantee to the City within sixty (60) days of submission of the estimate, the developer shall be required to submit an updated engineer’s estimate to the City Engineer for consideration. If the estimate is a higher dollar value, the applicant shall be subject to the new estimate. Furthermore, if substantial construction has not commenced within ninety (90) days of final approval, the City Engineer shall require the developer to submit an updated engineer’s estimate to ensure that performance guarantee amount remains sufficient to cover the improvement costs of the project.

The performance guarantee must be posted, and all inspection and supply fees must be paid prior to the developer/owner beginning any work on the Required Improvements, and before the recordation of any corresponding subdivision plat. Said assurance must also be in the form acceptable to the City, approved by the City Attorney, and must be issued by a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association (NCUA).

The performance guarantee requirement is established to guarantee completion of the required improvements and the assurance is not to be used to satisfy contractor or mechanics liens or other unrelated obligations.

If the At-Risk bond option selected, the developer pays only ten (10%) of the overall public improvement costs, as well as the testing and inspection fees. This fee also includes any reimbursement for utility modeling not previously reimbursed to Payson City by the developer. The final plat cannot be recorded until all of the public improvements are installed, inspected, and accepted by the City. The developer can switch from the At-Risk bond to the traditional bond option at any time. In order to do so an updated cost estimate must be provided to the City and a new bond paid to the City for all public improvements not yet installed, tested, inspected, and accepted by the City. The final plat also must be recorded at the time of the change in bonding options.

HISTORY  
*Adopted by Ord.* [*05-18-2022-D*](https://s3-us-west-2.amazonaws.com/municipalcodeonline.com-new/payson/ordinances/documents/1653339554_05-18-2022-D%20Recodified%20Municipal%20Code.pdf) *on 5/18/2022*