

January 12, 1999

TO: All Holders of the City of Salem Design Standards

EFFECTIVE DATE: January 12, 1999

SUBJECT: **DEVELOPMENT BULLETIN #30**

The following information is distributed as a public service to the Salem development community of engineers, architects, contractors, builders, and developers to make them aware of any changes in the City permit and plan approval process, design standards, or construction standards which may have an impact on their operations:

## **IMPROVEMENT AGREEMENT: STREAMLINED PROCESS FOR AMENDING IMPROVEMENT AGREEMENTS**

**PURPOSE: NOTICE OF CHANGE TO THE "NO BUILDING PERMITS"  
PERFORMANCE GUARANTEE OPTION INCLUDED IN  
IMPROVEMENT AGREEMENTS**

### **BACKGROUND:**

As part of the public permit process, owners/developers are required to execute an improvement agreement with the City of Salem to ensure that public improvements are completed in accordance with approved plans and specifications after the development plat is approved by the City. A performance guarantee is an integral component of said improvement agreement.

Prior to January 11, 1999, rather than depositing a bond or other financial instrument with the City as a performance guarantee, owners/developers could stipulate that no building permits would be issued until all public permit activities were completed. Once the City Inspector completed a formal inspection and developed a punch list of corrections, the owner/developer could request that the City prepare an amended improvement agreement to remove the "no building permits" guarantee. The City and owner/developer then had to agree on the appropriate value of the remaining work. The processing of the amended improvement agreement could take seven to ten business days.

### **PROCEDURAL CHANGE:**

In order to expedite the removal of the "no building permits" performance guarantee, the language of the original improvement agreement will incorporate one of two new options that will eliminate the need for most amended improvement agreements. The options are as follows:

- Upon substantial completion of the required improvements, the developer will deposit with the City a Cashier's Check in the amount of:
  - a) 8 percent of the total improvements if the total improvements are \$125,000 or greater, or
  - b) 10 percent of the total improvements if the total improvements are less than \$125,000.

— OR —

- The developer hereby specifies that upon substantial completion of the required improvements, lots \_\_\_ through \_\_\_ (a minimum of 25 percent of the total number of lots) will retain the "no building permit" stipulation as a performance guarantee while building permits could be released on the remaining lots.

Substantial completion is herewith defined as completion, testing, and acceptance of all water, sewer, and storm water systems and that these utilities are fully functioning; completion of all public improvements fronting existing houses within the subdivision and properties outside of the subdivision; final paving of all required street improvements; clean up around adjacent properties; placement of street name signs; submittal of acceptable preliminary as-built drawings showing the length, depth, and station of all service connections; satisfactory completion of any other items that would, in the opinion of the City Engineer, represent unacceptable safety or inconvenience to the public; and submittal and approval of all required easements or warranty deeds.

The developer shall complete all remaining items of work in accordance with the following table:

Substantially Complete & Security Accepted In:	Complete All Remaining Items By:
January through March	July 31 (same year)
April through June	August 31 (same year)
July through August	October 31 (same year)
September through December	July 31 (following year)

All Holders of the City of  
Salem Design Standards  
January 12, 1999  
Page 3

The inclusion of the new language in the original improvement agreement does not eliminate the need for the owner/developer to request, in writing, that the City remove the “no building permits” performance guarantee. Upon receiving the written request, the City will verify that the improvements are substantially complete prior to accepting a supplemental performance guarantee and releasing the “no building permits” performance guarantee.

For more information, please contact the Public Works Department Permit Application Center, at (503) 588-6211 or (503) 588-6292 (TTY).

Karl D. Goertzen, P.E.  
City Engineer

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