

TOWNSHIP OF LOWER, COUNTY OF CAPE MAY, STATE OF NEW JERSEY

ORDINANCE #2018-09

Title: **AN ORDINANCE REVISING AND RESTATING CHAPTER 400 – LAND DEVELOPMENT;
ARTICLE X, SUB-SECTION 400-81; GUARANTEES AND INSPECTIONS; OF THE
CODE OF THE TOWNSHIP OF LOWER**

WHEREAS, the Township Council of the Township of Lower desires to amend and restate Article X subsection 400-81 of Chapter 400 of the Code of the Township of Lower concerning Guarantees and Inspections of on-tract improvements in light of the adoption of New Jersey Senate Bill S3233 which modified performance and maintenance guarantee requirements under the "Municipal Land Use Law" (N.J.S.A.40:55D et seq).

NOW, THEREFORE, BE IT ORDAINED that the Township Council of the Township of Lower, County of Cape May, State of New Jersey hereby determines and declares as follows:

Section 1. Chapter 400, Article X subsection 400-81 entitled **Guarantees and Inspections** is hereby stricken and replaced with the following:

400-81. Guarantees and Inspections

Installation Requirements; on-tract improvements

- A. Before recording final subdivision plats, the approving authority shall require that the applicant shall have installed or shall have furnished performance guaranties for the installation of on-tract improvements in accordance with the Township's specifications as follows:
1. Streets.
 2. Pavement.
 3. Gutters.
 4. Curbs.
 5. Sidewalks.
 6. Street lighting.
 7. Street trees.
 8. Surveyor's monuments, as shown on the final map and required by "the map filing law," P.L. 1960, c. 141 (C. 46:23-9.9 et seq.; repealed by Section 2 of P.L. 2011, C. 217) or N.J.S.A. 46:268-1 through N.J.S.A. 46:268-8.
 9. Water mains.
 10. Sanitary sewers.
 11. Community septic systems.
 12. Drainage structures.
 13. Public improvements of open space; and
 14. Any grading necessitated by the preceding improvements.
- B. All such required improvements shall be certified by the Township Engineer unless the applicant shall have filed a performance guarantee sufficient in amount to cover the cost of all such improvements or uncompleted portions thereof as estimated by the Township Engineer, consistent with this Article.

Performance and Maintenance Guarantees

- A. Before filing of final subdivision plats or recording of minor subdivision deeds or as a condition of final site plan approval or as a condition to the issuance of a zoning permit pursuant to subsection d. of section 52 of P.L. 1975, c. 291 (C. 40:55D-65), or as a condition of approval of a permit update under the State Uniform Construction Code for the purpose of updating the name and address of the owner of property on a construction permit, the Township shall require and shall accept in accordance with the standards set forth hereinbelow and regulations adopted pursuant to section 1 of P.L. 1999, c. 68 (C. 40:55D-53a) for the purpose of assuring the installation and maintenance of certain on-tract improvements, the furnishing of a performance guarantee, and provision for a maintenance guarantee as set forth in this Section.
- 1) The developer shall furnish a performance guarantee in favor of the Township in an amount not to exceed 120% of the cost of installation of only those improvements required by an approval or developer's agreement, ordinance, or regulation to be dedicated to a public entity, and that have not yet been installed, which cost shall be determined by the Township Engineer, according to the method of calculation set forth in section 15 of P.L. 1991, c. 256 (C. 40:55D-53.4), for the following improvements as shown on the approved plans or plat:
 - a) Streets.
 - b) Pavement.
 - c) Gutters.
 - d) Curbs.
 - e) Sidewalks.
 - f) Street lighting.
 - g) Street trees.
 - h) Surveyor's monuments, as shown on the final map and required by "the map filing law," P.L. 1960, c. 141 (C. 46:23-9.9 et seq.; repealed by Section 2 of P.L. 2011, C. 217) or N.J.S.A. 46:268-1 through N.J.S.A. 46:268-8.
 - i) Water mains.
 - j) Sanitary sewers.
 - k) Community septic systems.
 - l) Drainage structures.
 - m) Public improvements of open space; and
 - n) Any grading necessitated by the preceding improvements.
 - 2) The developer shall also furnish a performance guarantee to include, within an approved phase or section of a development, privately-owned perimeter buffer landscaping, as required by the Township Code or imposed as a condition of approval. At a developer's option, a separate performance guarantee may be posted for the privately-held perimeter buffer landscaping.
 - 3) The Township Engineer shall prepare an itemized cost estimate of the improvements covered by the performance guarantee, which itemized cost estimate shall be appended to each performance guarantee posted by the obligor.

- B. The developer shall also furnish to the Township a "safety and stabilization guarantee" in favor of the Township. At the developer's option, a "safety and stabilization guarantee" may be furnished either as a separate guarantee or as a line item of the performance guarantee. A "safety and stabilization guarantee" shall be available to the Township solely for the purpose of returning property that has been disturbed to a safe and stable condition or otherwise implementing measures to protect the public from access to an unsafe or unstable condition, only in the circumstance that:
- 1) Site disturbance has commenced and, thereafter, all work on the development has ceased for a period of at least 60 consecutive days following such commencement for reasons other than force majeure, and
 - 2) Work has not recommenced within 30 days following the provision of written notice by the Township to the developer of the Township's intent to claim payment under the guarantee.
 - 3) The Township shall not provide notice of its intent to claim payment under a "safety and stabilization guarantee" until a period of at least 60 days has elapsed during which all work on the development has ceased for reasons other than force majeure. The Township shall provide written notice to the developer by certified mail or other form of delivery providing evidence of receipt.
 - 4) The amount of a "safety and stabilization guarantee" for a development with bonded improvements in an amount not exceeding \$100,000 shall be \$5,000.
 - 5) The amount of a "safety and stabilization bond guarantee" for a development with bonded improvements exceeding \$100,000 shall be calculated as a percentage of the bonded improvement costs of the development or phase of development as follows:
 1. \$5,000 for the first \$100,000 of bonded improvement costs, plus
 2. Two and a half percent of bonded improvement costs in excess of \$100,000 up to \$1,000,000, plus
 3. One percent of bonded improvement costs in excess of \$1,000,000.
 - 6) The Township shall release a separate "safety and stabilization guarantee" to a developer upon the developer's furnishing of a performance guarantee which includes a line item for safety and stabilization in the amount required under this paragraph.
 - 7) The Township shall release a "safety and stabilization guarantee" upon the Township Engineer's determination that the development of the project site has reached a point that the improvements installed are adequate to avoid any potential threat to public safety.
- C. Prior to the release of a performance guarantee required pursuant to this Section, the developer shall post with the Township a maintenance guarantee in an amount not to exceed 15% of the cost of the installation of the improvements which are being released.
- 1) The developer shall post with the Township, upon the inspection and issuance of final approval of the following private site improvements by the Township Engineer, a maintenance guarantee in an amount not to exceed 15% of the cost of the installation of the following-private site improvements, which cost shall be determined according to the method of calculation set forth in section 15 of P.L.1991, c.256 (C.40:55D-53.4):
 - a) Stormwater management basins.
 - b) In-flow and water quality structures within the basins; and
 - c) The out-flow pipes and structures of the stormwater management system, if any.
 - 2) The term of the maintenance guarantee shall be for a period not to exceed two years and shall automatically expire at the end of the established term.

- D. In the event that other governmental agencies or public utilities automatically will own the utilities to be installed or the improvements are covered by a performance or maintenance guarantee to another governmental agency, no performance or maintenance guarantee, as the case may be, shall be required by the Township for such utilities or improvements.
- E. Regulations concerning performance guarantees.
- 1) The time allowed for installation of the bonded improvements for which the performance guarantee has been provided may be extended by the governing body by resolution. As a condition or as part of any such extension, the amount of any performance guarantee shall be increased or reduced, as the case may be, to an amount not to exceed 120% of the cost of the installation, which cost shall be determined by the Township Engineer according to the method of calculation set forth in section 15 of P.L. 1991, c. 256 (C. 40:55D-53.4) as of the time of the passage of the resolution.
 - 2) If the required bonded improvements are not completed or corrected in accordance with the performance guarantee, the obligor and surety, if any, shall be liable thereon to the Township for the reasonable cost of the improvements not completed or corrected, and the Township may either prior to or after the receipt of the proceeds thereof complete such improvements. Such completion or correction of improvements shall be subject to the public bidding requirements of the "Local Public Contracts Law," P.L. 1971, c. 198 (C. 40A:11-1 et seq.).
 - 3) Upon substantial completion of all required street improvements (except for the top course) and appurtenant utility improvements, and the connection of same to the public system, the obligor may request of the governing body in writing, by certified mail addressed in care of the Township Clerk, that the Township Engineer prepare, in accordance with the itemized cost estimate prepared by the Township Engineer and appended to the performance guarantee pursuant to this Section, a list of all uncompleted or unsatisfactory completed bonded improvements. If such a request is made, the obligor shall send a copy of the request to the Township Engineer. The request shall indicate which bonded improvements have been completed and which bonded improvements remain uncompleted in the judgment of the obligor. Thereupon the Township Engineer shall inspect all bonded improvements covered by obligor's request and shall file a detailed list and report, in writing, with the governing body, and shall simultaneously send a copy thereof to the obligor not later than 45 days after receipt of the obligor's request.
 - a) The list prepared by the Township Engineer shall state, in detail, with respect to each bonded improvement determined to be incomplete or unsatisfactory, the nature and extent of the incompleteness of each incomplete improvement or the nature and extent of, and remedy for, the unsatisfactory state of each completed bonded improvement determined to be unsatisfactory. The report prepared by the Township Engineer shall identify each bonded improvement determined to be complete and satisfactory together with a recommendation as to the amount of reduction to be made in the performance guarantee relating to the completed and satisfactory bonded improvement, in accordance with the itemized cost estimate prepared by the Township Engineer and appended to the performance guarantee pursuant to subsection a. of this section.
 - b) The governing body, by resolution, shall either approve the bonded improvements determined to be complete and satisfactory by the Township Engineer, or reject any or all of these bonded improvements upon the establishment in the resolution of cause for rejection, and shall approve and authorize the amount of reduction to be made in the performance guarantee relating to the improvements accepted, in accordance with the itemized cost estimate prepared by the Township Engineer and appended to the performance guarantee pursuant to this Section. This resolution shall be adopted not later than 45 days after receipt of the list and report prepared by the Township Engineer. Upon adoption of the resolution by the governing body, the obligor shall be released from all liability pursuant to its performance guarantee with respect to those approved bonded improvements, except for that portion adequately sufficient to secure completion or correction of the improvements not yet approved; provided that 30% of the amount of the total performance guarantee and "safety and stabilization guarantee" posted may be retained to ensure completion and acceptability of all improvements. The "safety and

stabilization guarantee" shall be reduced by the same percentage as the performance guarantee is being reduced at the time of each performance guarantee reduction.

- c) For the purpose of releasing the obligor from liability pursuant to its performance guarantee, the amount of the performance guarantee attributable to each approved bond improvement shall be reduced by the total amount for each such improvement, in accordance with the itemized cost estimate prepared by the Township Engineer and appended to the performance guarantee pursuant to subsection a. of this section, including any contingency factor applied to the cost of installation. If the sum of the approved bonded improvements would exceed 70 percent of the total amount of the performance guarantee, then the Township may retain 30 percent of the amount of the total performance guarantee and "safety and stabilization guarantee" to ensure completion and acceptability of all bonded improvements, as provided above, except that any amount of the performance guarantee attributable to bonded improvements for which a "temporary certificate of occupancy guarantee" has been posted shall be released from the performance guarantee even if such release would reduce the amount held by the Township below 30 percent.
 - d) If the Township Engineer fails to send or provide the list and report as requested by the obligor pursuant to this Section within 45 days from receipt of the request, the obligor may apply to the court in a summary manner for an order compelling the Township Engineer to provide the list and report within a stated time and the cost of applying to the court, including reasonable attorney's fees, may be awarded to the prevailing party.
 - e) If the governing body fails to approve or reject the bonded improvements determined by the Township Engineer to be complete and satisfactory or reduce the performance guarantee for the complete and satisfactory improvements within 45 days from the receipt of the Township Engineer's list and report, the obligor may apply to the court in a summary manner for an order compelling, within a stated time, approval of the complete and satisfactory improvements and approval of a reduction in the performance guarantee for the approvable complete and satisfactory improvements in accordance with the itemized cost estimate prepared by the Township Engineer and appended to the performance guarantee pursuant to this Section; and the cost of applying to the court, including reasonable attorney's fees, may be awarded to the prevailing party.
 - f) In the event that the obligor has made a cash deposit with the Township or approving authority as part of the performance guarantee, then any partial reduction granted in the performance guarantee pursuant to this subsection shall be applied to the cash deposit in the same proportion as the original cash deposit bears to the full amount of the performance guarantee, provided that if the developer has furnished a "safety and stabilization guarantee," the Township may retain cash equal to the amount of the remaining "safety and stabilization guarantee."
- 4) If any portion of the required bonded improvements is rejected, the approving authority may require the obligor to complete or correct such improvements and, upon completion or correction, the same procedure of notification, as set forth in this Section shall be followed.
 - 5) Nothing herein shall be construed to limit the right of the obligor to contest by legal proceedings any determination of the governing body or the Township Engineer.

F. Regulations concerning inspection fees.

- 1) The obligor shall reimburse the Township for reasonable inspection fees paid to the Township Engineer for the foregoing inspection of improvements; which fees shall not exceed the sum of the amounts set forth hereinbelow. The Township shall require the developer to post the inspection fees in escrow in an amount:
 - a) not to exceed, except for extraordinary circumstances, the greater of \$500 or, except for extraordinary circumstances, the greater of \$500 or 5% of the cost of bonded improvements that are subject to a performance guarantee under this Section; and

b) not to exceed 5% of the cost of private site improvements that are not subject to a performance guarantee under this Section, which cost shall be determined pursuant to section 15 of P.L. 1991, c. 256 (C. 40:55D53.4).

- 2) For those developments for which the inspection fees total less than \$10,000, fees may, at the option of the developer, be paid in two installments. The initial amount deposited in escrow by a developer shall be 50% of the inspection fees. When the balance on deposit drops to 10% of the inspection fees because the amount deposited by the developer has been reduced by the amount paid to the Township Engineer for inspections, the developer shall deposit the remaining 50% of the inspection fees.
- 3) For those developments for which the inspection fees are total \$10,000 or greater, fees may, at the option of the developer, be paid in four installments. The initial amount deposited in escrow by a developer shall be 25% of the inspection fees. When the balance on deposit drops to 10% of the inspection fees because the amount deposited by the developer has been reduced by the amount paid to the Township Engineer for inspection, the developer shall make additional deposits of 25% of the inspection fees.
- 4) If the Township determines that the amount in escrow for the payment of inspection fees, as calculated hereinabove, is insufficient to cover the cost of additional required inspections, the developer shall deposit additional funds in escrow. In such instance, the Township shall deliver to the developer a written inspection escrow deposit request, signed by the Township Engineer, which informs the developer of the need for additional inspections, details the items or undertakings that require inspection, estimates the time required for those inspections, and estimates the cost of performing those inspections.

G. In the event that final approval is by stages or sections of development pursuant to subsection a. of section 29 of P.L.1975, c.291 (C.40:55D-38), the provisions of this Section shall be applied by stage or section.

H. To the extent that any of the improvements have been dedicated to the Township on the subdivision plat or site plan, the governing body shall be deemed, upon the release of any performance guarantee required pursuant to subsection a. of this section, to accept dedication for public use of streets or roads and any other improvements made thereon according to site plans and subdivision plats approved by the approving authority, provided that such improvements have been inspected and have received final approval by the Township Engineer.

Section 2. If any portion of this ordinance is determined to be invalid by a Court of competent jurisdiction, that determination shall have no effect upon the remainder of this Ordinance, which shall remain valid and operable.

Section 3. All Ordinances or parts of Ordinances inconsistent with this Ordinance, to the extent of such inconsistencies only, are hereby repealed.

Section 4. This Ordinance shall take effect 20 days after final passage and publication as provided by law.

First Reading: May 21, 2018

Adopted: June 4, 2018

Attest: Julie A. Picard
Julie A. Picard, Township Clerk

Thomas Conrad
Thomas Conrad, Councilmember

David Perry
David Perry, Councilmember

ABSENT
Rolland Roy, Jr., Councilmember

Frank Sippel
Frank Sippel, Deputy Mayor

Erik Simonsen
Erik Simonsen, Mayor