

175.08 CONSTRUCTION MAINTENANCE SELF-INSURANCE FUND.

1. Establishment.
 - A. There is hereby established in the office of the City Finance Director a Construction Maintenance Self-Insurance Fund.
 - B. Cash payments may be made to said fund in lieu of posting a maintenance bond under Chapter 1, Section 3.4(2) of the Design Standards Manual as provided in Section 175.07 of this Chapter.
 - C. The initial amount of the payment into this fund to relieve an owner, developer, and/or contractor of the responsibility of posting a maintenance bond shall be calculated by the City Engineer:

As \$12.00 per \$1,000.00 of the contract price of a street, storm or sanitary sewer improvement or improvements, or \$12.00 per \$1,000.00 of the City Engineer's estimate of the contract price of the storm or sanitary sewer improvement or improvements whichever is greater. Where a performance bond has been posted a credit of one year shall be allowed.
 - D. The amount of this payment may, from time to time, be revised by the City Council by adoption of a resolution revising the same.
 - E. Payment into this fund will relieve the owner, developer, and/or contractor of any further responsibility or liability to remedy any and all defects that may develop in said work by reason of bad workmanship or poor material used in the construction of said work or to keep the same in good repair after acceptance of the improvement except that payment into this fund shall not relieve any surety or principal of these obligations covered under the terms of a performance bond filed with the City for the same improvement.
 - F. This fund will be liable to the City General Fund for costs incurred to remedy any and all defects that may develop in said work by reason of bad workmanship or poor material used in the construction of said work or to keep the same in good repair after acceptance of the improvement for a period of two years from the date of acceptance of a storm or sanitary sewer project and for a period of four years from the date of acceptance of a street construction project and for administrative and inspection costs relating to the fund and said projects and these costs shall be paid by the Finance Director by transfer when so directed by the City Manager.
2. Funding.

A. The City Finance Director is hereby authorized to consult with the City's auditors, actuaries and such other persons as the Finance Officer deems necessary to determine:

- (1) An adequate starting balance for the Construction Maintenance Self-Insurance Fund; and
- (2) The matters set forth in paragraph C below.

The City Finance Director is hereby authorized to recommend to the City Council a proposed amount to transfer from the City's unencumbered general fund cash balance, or other available funds, such funds as are necessary to fund an adequate starting balance. Said transfer shall be deemed a non-interest bearing loan which shall be repaid when and as the condition of the Construction Maintenance Self-Insurance Fund allows.

B. The City Finance Director shall provide the City Council with an annual report on the condition of the Construction Maintenance Self-Insurance Fund.

C. Not less than every five years from inception of the fund, the City Finance Director shall include in his annual report a recommendation as to whether or not:

- (1) The loan can be repaid in whole or part; and
- (2) The amount required to be paid into the Construction Maintenance Self-Insurance Fund in lieu of posting a maintenance bond can be reduced or eliminated without a significant detrimental impact on the fiscal soundness of the fund.

(Ord. 02-16 – Aug. 02 Supp.)