

LETTER TO THE INDUSTRY

Date: December 29, 2014
To: All Developers, Builders, and Consultants
Subject: Modifications to Loudoun Water Land Development Processes

Loudoun Water is pleased to announce that beginning January 5, 2015 Land Development will be modifying a few of its processes. Over the past 18 months Loudoun Water has met regularly with the Loudoun Chapter of the Northern Virginia Building Industry Association. As a result of this ongoing collaboration, improved Land Development processes have been established to the benefit the development community. The proposed modifications are:

- I. Additional bond reduction option
- II. Option to utilize a system connection bond for residential development projects
- III. Developer Agreement revision
- IV. Updated bond calculation form(s)
- V. Updated Loudoun Water easement deed language
- VI. Updated forms for surety

More detailed information on these processes follows. Since there are minor modifications to the existing processes, there should be no delays in implementing these changes.

Should you have any questions, please feel free to contact the Loudoun Water Land Development Department at 571-291-7700. We are excited to have these processes in place and look forward to working through them with you on future development projects!

I. 50% Bond Reduction

Beginning January 5, 2015, for any ongoing project Loudoun Water will allow a 50% bond reduction prior to passing Beneficial Inspection, if requested. This modification benefits developers by granting them an option to obtain an additional bond reduction at 50% as opposed to carrying the full surety until Beneficial Inspection which allows the surety to be reduced down to 20%.

In order to qualify for this 50% reduction, a minimum 50% of the project's water main and sanitary sewer system must be installed, inspected by Loudoun Water, and successfully tested. The developer shall be required to submit the following to initiate the request:

1. A written letter requesting a 50% bond reduction for the project name and Loudoun Water project ID number
2. Lien release/contractor's affidavit of payment
3. A fee of \$500

Upon receipt of the above, the assigned Loudoun Water project engineer and inspector shall verify that at least 50% of the water and sewer work has been completed. Upon successful verification, a letter stating the reduced 50% bond amount will be sent to the Developer in order to provide a reduction rider.

II. System Connection Bond for Subdivisions

Beginning January 5, 2015, Loudoun Water will implement a modified process for residential development projects. The project shall go through all the same Land Development processes at Loudoun Water, however, if land development will occur prior to recording the subdivision record plat the developer may choose to utilize this modified process to post the System Connection Bond amount as opposed to posting 100% of the entire estimated project water and sewer costs. This assists the development community in allowing developers to post a smaller initial surety to begin construction, as opposed to posting 100% of the entire estimated project water and sewer costs. The system connection bond may remain in place until the time that the developer needs the subdivision plat to be recorded.

In order to qualify for this process, the project must be a residential development project whose subdivision plat has not been recorded, and the project must not include any public improvements within its scope. To utilize the process, the developer's consultant must submit two forms: (1) A completed Estimate of Construction Cost depicting 100% of the project's water and sewer costs (2) a completed System Connection Bond for Subdivisions form. The System Connection Bond amount is posted by the Developer prior to issuance of the construction permit. All other Loudoun Water Land Development procedures remain the same.

At least 60 days prior to the need of the record plat, the Developer shall contact Loudoun Water and submit a lien release/contractor's affidavit of payment. Loudoun Water will confirm the amount of water and sewer work installed, inspected, and successfully tested to date. Loudoun Water shall then furnish a letter to the Developer requesting issuance of a new bond equal to the appropriate surety amount level to 20%, 50%, or 100% to reflect the amount of water and sewer improvements constructed at that time. Upon receipt of the rider and approval of



the surety submitted, Loudoun Water will sign-off on the Record Plat, allowing subdivision of the parcel(s) and sale of lots. To allow sufficient time for this process to occur, we are requesting the developer initiate it ***at least 60 (sixty) days*** prior to the need of the record plat.

You may download a flow chart that graphically depicts the process from our website: www.loudounwater.org under *Developers/New Construction => Performance and Payment Bonds*.

III. **Developer Agreement Revision**

All new Developer Agreements with Loudoun Water that are executed after January 5, 2015 shall contain additional expiration language. This revision assists to legally bring closure to development projects with Loudoun Water, as opposed to having agreements open in perpetuity. Projects with developer agreements prior to 1/5/2015 are not affected and their agreements still remain valid. Developer Agreements shall be valid for 2 or 3 years and upon request have the option to be extended by yearly increments upon expiration. Loudoun Water shall charge a \$300 administrative fee to process all Developer Agreement extension requests. At the time of Developer Agreement extension, Loudoun Water reserves the right to reassess the status of the project's construction progress and surety level.

IV. **Bond Calculation Forms**

Loudoun Water has updated its standard form used to estimate construction costs for water and sanitary sewer. The previous version and unit prices were out of date and had not been previously updated since 2004. Loudoun Water also has removed the previously instituted 20% overhead, legal, and administration contingency from the estimate and includes a 4% inflation factor for multiple year projects.

In addition, the new System Connection Bond for Subdivisions form was developed as part of the same process mentioned above.

You may download the most updated bond calculation forms from our website: www.loudounwater.org under *Developers/New Construction => Engineering Design Manual*.

V. **Revised Easement Deed Language**

Loudoun Water has revised its standard water and sanitary sewer easement deed language. The revision assists to provide clarity in stating more specific terms and provides uses, by way of example only, that are consistent and inconsistent within a Loudoun Water easement.

The most updated easement language may be downloaded from our website: www.loudounwater.org under *Developers/New Construction => Engineering Design Manual*.



VI. Updated Forms for Surety

In March of 2014 Loudoun Water put into place recommended forms for surety serving all three functions for Performance, Payment and Maintenance. This updated form eliminates the need for issuing a Performance/Payment surety and separately, a Maintenance surety.

In addition, we published standardized forms and requirements should you elect to submit a Letter of Credit as a surety. These standardized forms for letters of credit, if used, will allow the letter of credit approval process to proceed in the most efficient manner.

The most updated forms may be downloaded from our website:
www.loudounwater.org under the *Performance and Payment Bonds* section.

Thank you for your continued partnership with Loudoun Water. We look forward to working with you in 2015.

Sincerely,



Huy Tran, P.E., LEED AP_{BD+C}
Manager of Land Development Programs

