



Legislation Text

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TO: Chair and Members of the Board

FROM: Diane Colonna, Executive Director

DATE: March 11, 2015

APPROVING THE ISSUANCE OF A CASH BOND IN THE AMOUNT OF \$369,094.00 TO BROWARD COUNTY AS SECURITY FOR THE COCONUT CREEK PARKWAY MEDIAN IMPROVEMENT PROJECT.

BACKGROUND: On December 9, 2014, the MCRA Board approved entering into an agreement with DP Development of the Treasure Coast, LLC for construction of the Coconut Creek Parkway Median Improvement project between Banks Road and SR 7/441. Since Broward County owns the roadway, the contractor is required to obtain a construction permit from the County. To expedite this process and prior to the MCRA issuing a bid for the improvement project, Chen Moore (Project Engineer for the project) submitted to the County all the necessary documentation so a permit could be quickly obtained by the approved contractor.

DP Development submitted the County Permit Application, and they were informed the permit would not be issued until an additional security was paid to the County in the form of check, cash or letter of credit for the amount of \$369,094.00 and a security release fee of \$1,722.00.

As part of the agreement with DP Development, the contractor is required to provide a performance and payment bond in the amount of \$381,901.70 as security to the MCRA in the event of default on the contract. However, Broward County also requires that the "developer" (in this case, the MCRA) provide separate security to the County ensuring that the project will be completed and funded. In the past, Broward County waived the requirement for cash bond or LOC on municipal projects because cities obtain surety bonds from contractors on construction projects. Due to a past County audit noting that by "waiving this requirement for municipalities" County staff is violating their own code, they have since ceased offering the aforementioned waiver.

After reviewing the alternative forms of security, staff determined that posting a cash bond is the least expensive option. A Letter of Credit through the bank will require collateral, a percentage rate charge and fees. The MCRA is therefore recommending posting the cash bond in the amount of \$369,904.00 to the County for the Coconut Creek Parkway Median Improvement project. It should be noted the County will retain the funds for one (1) year after completion of the project.

RECOMMENDATION: Approve the issuance of a Cash Bond in the amount of \$369,904.00 to Broward County as security for the Coconut Creek Parkway Median Improvement project and security release fee of \$1,722.00.

FISCAL IMPACT: Funds for the Coconut Creek Parkway project are available in Fund 340.0510.512-68-36

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