

ATTACHMENT 4: Performance Bond

	Belfast (In Process)	Westerly, RI (Mar. 2019)	Middleborough, MA (Apr. 2018)	Agawam, MA (Apr. 2018)	Bridgewater, MA (Apr. 2014)
<p>What is the Requirement for a Performance Bond?</p>	<p>At the time of PB review of a Site Plan application and permit, the applicant is required to identify how it will provide a performance guarantee payable to the benefit of the City of Belfast...for all costs associated with the removal of an approved solar energy system that has been abandoned. The performance guarantee is required to be equal to 150% of the estimated cost of removal. The performance guarantee can be in the form of a performance bond, surety bond, letter of credit, parent holding company guarantee, escrow account established with the City, or other form of financial assistance as may be acceptable to the City as determined by the PB and legal counsel. The financial guarantee shall include a provision granting and guaranteeing the City the authority to access the funds and property and perform the decommissioning if the facility is abandoned and the owner or operator fails to meet their obligations to remove the solar energy system. The applicant shall provide the City the identified performance guarantee prior to the issuance of a building permit by the CEO for the solar energy system. The owner or operator shall also be responsible for notifying the City in writing if the performance guarantee is revoked, and in such cases, shall provide the City a replacement guarantee that is found acceptable by legal counsel for the City within 90- days, or the owner/operators permit to operate the system shall be revoked.</p>	<p>At the time of development plan approval of a ground-mounted solar energy system the PB shall require a financial guarantee for the decommissioning and removal of the system and consider the projected life of the system and inflation. Prior to construction, the applicant shall post a bond or cash security with the Finance Director sufficient to cover the cost of removal and restoration of the site. The amount of said bond or security shall be reviewed and approved by DPW. The terms of payment and process of release shall be consistent with those established by the Town's Subdivision regulations for the release of a Performance Guarantee. Release shall not occur until the system is fully removed from the site.</p>	<p>The owner/operator of large scale ground mounted solar projects is required to provide a form of surety, either through interest bearing escrow account, bond or otherwise, to cover the cost of removal in the event the installation is not removed as required in an amount and form determined satisfactory to Building Commissioner prior to building permit issuance, but in no event to exceed more than 125% of the cost of removal and compliance with the additional requirements set forth in the ordinance. Such surety can be divided into two phases: One to cover the 1-year construction period and permanent surety to replace it. The form of surety may be varied from time to time with the approval of the Building Commissioner. The owner/operator needs to submit a fully inclusive estimate for the costs associated with removal by the Town, prepared by a qualified engineer. The amount may include a mechanism for calculating increases removal costs due to inflation. Surety will not be required for municipally or state-owned facilities.</p>	<p>The project proponent shall provide a form of surety, either through escrow account, bond or line of credit from a creditable financial institution, in an amount sufficient to cover the cost of removal in the event the Town deems the solar project to be abandoned and must remove the installation and remediate the landscape. The amount and form of the surety shall be determined to be reasonable by the PB, but in no event shall exceed more than 110% the cost of removal...such surety is not required for municipally owned or state-owned facilities. The project proppant shall submit a fully inclusive estimate of the costs associated with removal prepared by a qualified engineer. The amount shall include a mechanism for calculating the increased removal costs due to inflation.</p>	<p>Owners/Operators are required to provide a form of surety, either through and escrow account, bond or otherwise, to cover the cost of removal in the event the Town must remove the installation and remediate the landscape, in an amount and form determined to be reasonable by the PB, but in no event to exceed more than 125% of the cost of removal...Such surety will not be required for municipally or state-owned facilities. The project proponent shall submit a fully inclusive estimate of the costs associated with removal, prepared by a qualified engineer. The amount shall include a mechanism for calculating increasing removal costs due to inflation.</p>