



MAYOR & COUNCIL COMMUNICATION

DATE: 9/15/15
REGULAR
ITEM # 25
RESOLUTION 2015-071

AGENDA ITEM: Savona 3rd Addition Developer’s Agreement

SUBMITTED BY: Kyle Klatt, Community Development Director

THROUGH: Clark Schroeder, Interim City Administrator

REVIEWED BY: Jack Griffin, City Engineer
Dave Synder, City Attorney
Cathy Bendel, Finance Director

SUGGESTED ORDER OF BUSINESS:

- Introduction of ItemCommunity Development Director
- Report/Presentation.....Community Development Director
- Questions from Council to Staff..... Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

POLICY RECCOMENDER: Staff is recommending that the City Council approve a developer’s agreement associated with the third phase of the Savona development. The agreement has been drafted based on the model agreement previously reviewed by the Council.

FISCAL IMPACT: Direct Payments to Developer – TBD: the project development plans include oversizing of water lines. The City Engineer has provided a cost estimate for the oversizing amounts, and this number has been included in the agreement as a future City payment. Future financial impacts include maintenance of streets, trails, sanitary sewer mains, watermains and other public infrastructure, maintenance of storm water ponding areas (after three years), monthly lease payments for street lights, and other public financial responsibilities typically associated with a new development.

SUMMARY AND ACTION REQUESTED: The City Council is being asked to authorize execution of a developer's agreement for the third phase of the Savona residential subdivision. The attached agreement has been reviewed by the City Staff, and all recommend changes specific to the Savona project have been incorporated into the document as drafted. This agreement must be executed before any construction activity, outside of the previously authorized grading work, may proceed on the site. The recommended motion to take action on the request is as follows:

“Move to adopt Resolution 2015-071 approving the developer’s agreement for Savona 3rd Addition”

LEGISLATIVE HISTORY/STAFF REPORT: One of the conditions attached to the resolution approving the Savana Final Plat specifies that the developer enter into a Developer's Agreement prior to the execution of the plat by City officials. Staff has drafted such an agreement consistent with the City's developer's agreement template, and this document is attached for consideration by the City Council. Please note that the document as drafted contains some modifications to the original template based on some of the unique aspects of the Savona 3rd development. The key aspects of the agreement include the following components:

- That all improvements to be completed by October 31, 2016.
- That the developer provide a letter of credit in the amount of \$3,238,764 related to the cost of the proposed improvements.
- That the developer provide a cash deposit of \$1,189,733 for SAC and WAC charges, engineering administration, one year of street light operating costs and other City fees. These fees include payment for any outstanding special assessments on lots to be replatted as Savona 3rd Addition.
- The agreement includes no required park fees in lieu of land dedication. All required park dedication fees for Savana were paid with the first addition.
- A City payment for utility oversizing of \$12,045 based on calculations completed by the City Engineer.
- The agreement includes the updated letter of credit reduction schedule that was approved for recent projects and provides for a better connection between the work that will be occurring in the field and the timing of this work.

The City Engineer has not approved the final construction plans for the project, and no work will be allowed to commence on the site until these plans are approved by the City (this plan review is close to being completed).

Please note that since that shortly before the last Council meeting, the City Engineer and Developer requested minor changes to the agreement as follows:

- The City Engineer recommended edits to the “City Oversizing Payment” (Section 28).
- The developer asked that the Special Provisions (Section 29) be revised to eliminate a platting condition that is already required in the resolution approving the plat.
- The developer asked that the summary of cash requirements be updated to reflect the outstanding amount owed and to follow the reallocation methodology used for the first two additions (i.e. a different amount for the townhouses verses the single family lots).

These changes are shown as revisions in the document, and left as tracked changes so that the Council can review these amendments in advance of the meeting.

BACKGROUND INFORMATION (SWOT):

Strengths: The developer’s agreement has been drafted to guarantee that the improvements associated with the Savona 3rd development plans will installed in accordance with City specifications.

Execution of the developer’s agreement and compliance with all conditions in the agreement will allow the developer to record the Final Plat.

Weaknesses: The City will assume responsibility for future maintenance of the public improvements.

Opportunities: The final plans include the construction of 5th Street to the western project limits.

Threats: The City will need to provide construction observation throughout the course of the project (these costs will be covered under an Engineering Administration Escrow).

RECOMMENDATION: Based on the above Staff report, Staff is recommending that the City Council approve the Developer’s Agreement for Savona 3rd Addition and that the Council direct the Mayor and Staff to execute this document. The suggested motion to adopt the Staff recommendation is as follows:

“Move to adopt Resolution 2015-071 approving the developer’s agreement for Savona 3rd Addition”

ATTACHMENTS:

1. Resolution 2015-071
2. Savona 3rd Developer’s Agreement – Final Draft