



# MAYOR & COUNCIL COMMUNICATION

**DATE:** December 15, 2015  
**REGULAR**  
**ITEM #** 21.c

**AGENDA ITEM:** Wildflower at Lake Elmo – Approve Security Reduction #2.

**SUBMITTED BY:** Jack Griffin, City Engineer

**THROUGH:** Clark Schroeder, Interim City Administrator

**REVIEWED BY:** Stephen Wensman, City Planner  
Cathy Bendel, Finance Director

**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item.....City Staff
- Report/Presentation.....City Staff
- Questions from Council to Staff ..... Mayor Facilitates
- Public Input, if Appropriate.....Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECOMMENDER:** Administration/Finance/Planning/Engineering.

**FISCAL IMPACT:**

It is the City’s goal to retain at all times during the subdivision improvements a security amount that is adequate to ensure completion of all elements of the improvements as protection to the City tax payers against the potential of developer default. With this reduction the remaining security amount held by the City will be \$2,310,740 which remains over and above the estimate to completion for the remaining subdivision improvements.

**SUMMARY AND ACTION REQUESTED:**

The City Council is respectfully requested to consider approving a reduction in the security amount for the Wildflower at Lake Elmo 1st Addition.

**LEGISLATIVE HISTORY/BACKGROUND INFORMATION:**

The developer has completed a substantial portion of the required development improvements for the Wildflower at Lake Elmo 1st Addition including the installation of sanitary sewer, installation of watermain, a substantial portion of storm sewer and about 35% of the required public street improvements consisting of over \$2.5 million in construction costs. However, in accordance with Section 35 of the Wildflower at Lake Elmo 1st Addition Development Contract, the progress for the improvements have not reached the threshold necessary to be eligible for a security reduction at this time. Due to the end of the construction season the developer will not have an opportunity to reach the necessary thresholds until next spring.

**RECOMMENDATION:**

If the City Council adopts a revised security reduction policy to be presented by staff at the December 15, 2015 council meeting, and further directs staff to apply the revised policy to all active developments in the City, then staff is recommending that the City Council approve a reduction in the security amount for the Wildflower at Lake Elmo 1st Addition. The recommended motion for the action is as follows:

***“Move to approve a reduction of the Letter of Credit for the Wildflower at Lake Elmo 1st Addition from \$3,440,831 down to \$2,310,740.”***

**ATTACHMENT(S):**

1. Engineer’s Letter Recommending Security Reduction #2 for the Wildflower at Lake 1st Addition.
2. Developer's Letter Requesting Reduction of Security for the Wildflower at Lake 1st Addition.



December 11, 2015

Mr. Robert Engstrom  
Robert Engstrom Companies  
4801 West 81st Street, Suite 101  
Minneapolis, MN 55437

Re: Wildflower at Lake Elmo 1st Addition  
Security Reduction #2

Dear Mr. Engstrom:

We have reviewed your request dated December 10, 2015 for a reduction in the security for the Wildflower at Lake Elmo 1st Addition. In accordance with Section 35 of the Wildflower at Lake Elmo 1st Addition Development Contract, the progress for the improvements have not reached the threshold necessary to be edible for a security reduction at this time.

However, should the City Council adopt a revised policy to be presented by staff at the December 15, 2015 council meeting, and direct staff to apply the revised policy to all active developments in the City, then the security amount of \$3,440,831 may be reduced to \$2,310,740.

Should you have any questions or require additional information, please call me 651.300.4264.

Sincerely,

John (Jack) W. Griffin, P.E.  
City Engineer

cc: Clark Shroeder, Interim City Administrator  
Cathy Bendel, Finance Director  
Stephen Wensman, City Planner



Jack Griffin <jack.griffin@focusengineeringinc.com>

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## Wildflower at Lake Elmo LOC

1 message

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**Robert Engstrom** <bob@engstromco.com>

Thu, Dec 10, 2015 at 1:07 PM

To: "John (Jack) Griffin, PE" <jack.griffin@focusengineeringinc.com>

December 10, 2015

Jack Griffin

Focus Engineering

Dear Jack,

Robert Engstrom Companies is requesting the City of Lake Elmo to reduce the Letter of Credit for site improvements at Wildflower at Lake Elmo. The reduction is based on the proposed reduction policy discussed in our meeting on December 9, 2015. I understand that this policy will be presented to the City Council on December 15, 2015. If approved, we are requesting the City Council take action on our request at the same meeting.

Improvements completed are, sanitary sewer, water main and storm sewer. Improvements partially complete are, streets and trails. As agreed, attached is the latest pay request to assist in the calculation of the reduction.

If you have question, please contact me.

Kind Regards,

Bob Engstrom