



MAYOR & COUNCIL COMMUNICATION

DATE: December 15, 2015

REGULAR

ITEM # 21.d

AGENDA ITEM: Hunters Crossing 2nd Addition – Approve Security Reduction #1.

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 \$591,726 which remains well 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 Hunters Crossing 2nd Addition.

LEGISLATIVE HISTORY/BACKGROUND INFORMATION:

The Hunters Crossing 2nd Addition developer installed improvements have been substantially completed including the installation of sanitary sewer, watermain, storm sewer, residential streets, 5th Street (south

half) and sidewalks consisting of over \$900,000 in construction costs. However, in accordance with Section 36 of the Hunters Crossing 2nd 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 Hunters Crossing 2nd Addition. The recommended motion for the action is as follows:

“Move to approve a reduction of the Letter of Credit for the Hunters Crossing 2nd Addition from \$1,145,404 down to \$591,726.”

ATTACHMENT(S):

1. Engineer’s Letter Recommending Security Reduction #1 for the Hunters Crossing 2nd Addition.
2. Developer's Letter Requesting Reduction of Security for the Hunters Crossing 2nd Addition.



CALATLANTIC
HOMES

continuing the legacies of Ryland and Standard Pacific

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December 3, 2015

Ryan Stempski, P.E.
Focus Engineering, Inc.
3800 Laverne Ave. N.
Lake Elmo, MN 55042

RE: Request for Letter of Credit Reduction – Hunters Crossing

Dear Mr. Stempski:

CalAtlantic Homes currently has two LOCs with the City of Lake Elmo. This letter is intended to be a summary of CalAtlantic's requests to have both LOCs reduced according to the Development Contracts. A spreadsheet detailing the reductions is attached.

Hunters Crossing 1st Addition
LOC #IS0252285U for \$1,619,768.00

This addition was substantially completed this past summer, final street improvements, pond filtration, and landscaping remain. Per the DA, section 37 A., CalAtlantic requests this LOC be reduced down to **\$869,335**.

Hunters Crossing 2nd Addition
LOC #IS0305143U for \$1,145,404.00

This addition was significantly completed this past summer, sidewalks, final street improvements, and landscaping remain. Per the DA, section 37 A., CalAtlantic requests this LOC be reduced down to **\$601,976**.

Please feel free to contact me with any questions at (952) 229-6034.

Sincerely,

CalAtlantic Group, Inc.

Shawn Wenzel, P.E.
Land Coordinator

Enclosure: LOC Reduction Request Spreadsheet

Cc: Mark Sonstegard, VP Land Development – CalAtlantic Homes
Jack Griffin, City Engineer – Focus Engineering



December 11, 2015

Mr. Shawn Wenzel
CalAtlantic Group, Inc.
7699 Anagram Drive
Eden Prairie, MN 55344

Re: Hunters Crossing 2nd Addition
Security Reduction #1

Dear Mr. Wenzel:

We have reviewed your request dated December 3, 2015 for a reduction in the security for the Hunters Crossing 2nd Addition. In accordance with Section 36 of the Hunters Crossing 2nd Addition Development Contract, the progress for the improvements have not reached the threshold necessary to be eligible 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 \$1,145,404 may be reduced to \$591,726.

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