



## STAFF REPORT

DATE: April 1, 2025

### **CONSENT**

**TO:** City Council  
**FROM:** Mike Rusenovich, Project Engineer  
**AGENDA ITEM:** Approve Security Reductions and Accept Improvements for Royal Golf 3rd, 5th, and 6th Additions  
**REVIEWED BY:** Nicole Miller, City Administrator  
Clarissa Hadler, Finance Director  
Jason Stopa, Community Development Director  
Marty Powers, Public Works Director  
Nate Stanley, City Engineer

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### **CORE STRATEGIES:**

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| <input type="checkbox"/> Vibrant, inclusive, connected community      | <input type="checkbox"/> Efficient, reliable, innovative services    |
| <input type="checkbox"/> Responsive, transparent, adaptive governance | <input checked="" type="checkbox"/> Balanced Finances now and future |
| <input checked="" type="checkbox"/> Managed Growth                    | <input checked="" type="checkbox"/> Resilient Infrastructure         |

**BACKGROUND:** Lennar Homes, Inc. entered into a development agreements with the City for the Royal Golf 3rd Addition; Royal Golf 5th Addition; and Royal Golf 6th Addition. Construction of the subdivision improvements in each phase has met the required milestone needed to be eligible for a reduction in the development security.

**ISSUE BEFORE COUNCIL:** Should the City Council accept the improvements and reduce the security amounts as outlined in the respective Development Agreement for the Royal Golf 3<sup>rd</sup> Addition; Royal Golf 5<sup>th</sup> Addition; and Royal Golf 6<sup>th</sup> Addition?

**PROPOSAL DETAILS/ANALYSIS:** Staff has received and processed a request to accept certain improvements and to process reductions in the applicable development security as follows:

- **Royal Golf 3rd Addition:** Release the Public Sanitary Sewer and Watermain warranty security. All remaining utility security amounts will be released with the expiration of the 2-year warranty.
- **Royal Golf 5th Addition** – Accept Public Sanitary Sewer and Watermain and Reduce the security. The sanitary sewer and watermain improvements have been constructed, tested, and verified. With the acceptance of the public sanitary sewer and watermain, the 2-year warranty period will be initiated as shown on the attached Certificate of Completion. Twenty-five percent (25%) of the original security amount will be retained until the warranty period has expired. The operation and maintenance of the public sanitary sewer and watermain becomes the responsibility of the City going forward.
- **Royal Golf 6th Addition** – Accept Public Sanitary Sewer and Watermain and Reduce the security. The sanitary sewer and watermain improvements have been constructed, tested, and verified. With

the acceptance of the public sanitary sewer and watermain, the 2-year warranty period will be initiated as shown on the attached Certificate of Completion. Twenty-five percent (25%) of the original security amount will be retained until the warranty period has expired. The operation and maintenance of the public sanitary sewer and watermain becomes the responsibility of the City going forward.

These requests have been reviewed and are being recommended for approval in accordance with the approved Development Agreement for each addition. The Development Security amounts are recommended to be reduced as follows:

	<u>Current Security Amount</u>	<u>Proposed Security Amount</u>
1. Royal Golf 3rd Addition	\$1,916,902	\$1,582,819
2. Royal Golf 5th Addition	\$4,647,938	\$2,894,550
3. Royal Golf 6th Addition	\$2,421,314	\$1,276,551

**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.

**RECOMMENDATION:** Staff is recommending that the City Council, as part of the Consent Agenda, accept the improvements and approve the security reductions as detailed in the attached respective worksheets for Royal Golf 3rd Addition, Royal Golf 5th Addition; and Royal Golf 6th Addition; contingent on the developer being current with all payments and obligations in accordance with the Development Agreements, including a positive escrow balance as required by the City. If removed from the consent agenda, the recommended motion for the action is as follows:

**Motion to accept the improvements and approve the security reductions as detailed in the attached worksheets for Royal Golf 3rd Addition, Royal Golf 5th Addition; and Royal Golf 6th Addition; contingent on the developer being current with all payments and obligations in accordance with the Development Agreement, including a positive escrow balance as required by the City.**

**ATTACHMENTS:**

1. Certificate of Completion – Royal Golf 5th Addition.
2. Certificate of Completion – Royal Golf 6th Addition.
3. Security Reduction Worksheet – Royal Golf 3rd Addition.
4. Security Reduction Worksheet – Royal Golf 5th Addition.
5. Security Reduction Worksheet – Royal Golf 6th Addition.

## CERTIFICATE OF COMPLETION

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DATE OF ISSUANCE: APRIL 1, 2025

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OWNER:	<u>CITY OF LAKE ELMO, MN</u>
DEVELOPER:	<u>US HOME, LLC</u>
SUBDIVISION NAME:	<u>ROYAL GOLF 5TH ADDITION</u>
PROJECT NO.:	<u>2022.109</u>

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- ☐ This Certification of Completion applies to all work under the Development Agreement
- ☒ This Certification of Completion applies to the following specified parts of the Development Agreement

Section 33.A – Public sanitary sewer and watermain

~~Section 33.B – Public improvements including street construction, including concrete curb and gutter, sidewalks and trails, materials and equipment.~~

I do hereby certify that the work to which this Certificate applies has been constructed in accordance with the Development Agreement dated March 16, 2023. The above-mentioned improvement is hereby declared to be complete and acceptance of this work is recommended.

DATE OF COMPLETION: April 1, 2025

Mike Rusenovich Reg. No. 58717

Bolton and Menk, Inc.

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Section 33.A Warranty Period Begins April 1, 2025 and ends April 1, 2027

Section 33.B Warranty Period Begins \_\_\_\_\_ and ends \_\_\_\_\_

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## CERTIFICATE OF COMPLETION

DATE OF ISSUANCE: APRIL 1, 2025

OWNER: CITY OF LAKE ELMO, MN  
DEVELOPER: US HOME, LLC  
SUBDIVISION  
NAME: ROYAL GOLF 6TH ADDITION  
PROJECT NO.: 2023.126

- ☐ This Certification of Completion applies to all work under the Development Agreement  
☒ This Certification of Completion applies to the following specified parts of the Development Agreement

Section 33.A – Public sanitary sewer and watermain

~~Section 33.B – Public improvements including street construction, including concrete curb and gutter, sidewalks and trails, materials and equipment.~~

I do hereby certify that the work to which this Certificate applies has been constructed in accordance with the Development Agreement dated May 7, 2024. The above-mentioned improvement is hereby declared to be complete and acceptance of this work is recommended.

DATE OF COMPLETION: April 1, 2025

Mike Rusenovich Reg. No. 58717

Bolton and Menk, Inc.

Section 33.A Warranty Period Begins April 1, 2025 and ends April 1, 2027

Section 33.B Warranty Period Begins \_\_\_\_\_ and ends \_\_\_\_\_

ROYAL GOLF CLUB 3RD ADDITION

Time of Performance: October 31, 2022

DEVELOPMENT AGREEMENT AMOUNTS			REDUCTIONS					
CATEGORY	CONSTRUCTION	125% REMARKS	#1	#2	#3	#4	#5	#6
Grading	\$924,460	\$1,155,575 100%	\$1,155,575					
Sanitary Sewer	\$485,113	\$606,391 100%	\$454,793	\$151,598				
Watermain	\$583,951	\$729,939 100%	\$547,454	\$182,485				
Storm Sewer	\$666,871	\$833,589 50%	\$416,794					
Streets and Sidewalks	\$884,687	\$1,105,858 50%	\$552,929					
Trails	\$44,125	\$55,156						
Surface Water Facilities	\$23,149	\$28,936						
Street Lighting	\$48,000	\$60,000						
Street Signs and Traffic Control Signs	\$5,779	\$7,224						
Landscaping	\$253,289	\$316,611						
Tree Preservation and Restoration	NA	NA						
Wetland Mitigation and Buffers	NA	NA						
Monuments	\$7,300	\$9,125						
Erosion Control	\$103,835	\$129,794						
Turn Lanes	NA	NA						
Record Drawings	\$5,000	\$6,250 100%						
TOTALS	\$4,035,559	\$5,044,448	RELEASED AMOUNTS: \$3,127,546	\$334,083				
			CUMMULATIVE AMOUNTS: \$3,127,546	\$3,461,629				
			SECURITY AMOUNT REMAINING: \$1,916,902	\$1,582,819				
			DATE: 3/7/2023	4/1/2025				

ROYAL GOLF CLUB 5TH ADDITION

Time of Performance: October 31, 2024

DEVELOPMENT AGREEMENT AMOUNTS			REDUCTIONS					
CATEGORY	CONSTRUCTION	125% REMARKS	#1	#2	#3	#4	#5	#6
Grading	\$1,011,847	\$1,264,809						
Sanitary Sewer	\$704,429	\$880,536 75%	\$660,403					
Watermain	\$294,815	\$368,519 75%	\$276,390					
Storm Sewer	\$687,170	\$858,962 50%	\$429,481					
Streets and Sidewalks	\$619,383	\$774,228 50%	\$387,114					
Trails	\$37,500	\$46,875						
Surface Water Facilities	\$47,021	\$58,776						
Street Lighting	\$18,000	\$22,500						
Street Signs and Traffic Control Signs	\$700	\$875						
Landscaping	\$60,700	\$75,875						
Tree Preservation and Restoration	NA	NA						
Wetland Mitigation and Buffers	NA	NA						
Monuments	\$8,600	\$10,750						
Erosion Control	\$115,754	\$144,693						
20th Street Turn Lans	\$102,433	\$128,041						
Record Drawings	\$10,000	\$12,500						
TOTALS	\$3,718,352	\$4,647,938	RELEASED AMOUNTS: \$1,753,388					
			CUMMULATIVE AMOUNTS: \$1,753,388					
			SECURITY AMOUNT REMAINING: \$2,894,550					
			DATE: 4/1/2025					

ROYAL GOLF CLUB 6TH ADDITION

Time of Performance: October 31, 2025

DEVELOPMENT AGREEMENT AMOUNTS			REDUCTIONS					
CATEGORY	CONSTRUCTION	125% REMARKS	#1	#2	#3	#4	#5	#6
Grading	NA	NA						
Sanitary Sewer	\$301,227	\$376,534 75%	\$282,401					
Watermain	\$339,060	\$423,825 75%	\$317,869					
Storm Sewer	\$301,958	\$377,448 50%	\$188,724					
Streets and Sidewalks	\$569,231	\$711,539 50%	\$355,769					
Trails	\$66,000	\$82,500						
Surface Water Facilities	NA	NA						
Street Lighting	\$30,000	\$37,500						
Street Signs and Traffic Control Signs	\$3,675	\$4,594						
Landscaping	\$151,000	\$188,750						
Tree Preservation and Restoration	NA	NA						
Wetland Mitigation and Buffers	NA	NA						
Monuments	\$9,200	\$11,500						
Erosion Control	\$57,700	\$72,125						
20th Street Turn Lans	\$100,000	\$125,000						
Record Drawings	\$8,000	\$10,000						
TOTALS	\$1,937,051	\$2,421,314	RELEASED AMOUNTS: \$1,144,763					
			CUMMULATIVE AMOUNTS: \$1,144,763					
			SECURITY AMOUNT REMAINING: \$1,276,551					
			DATE: 4/1/2025					