

**CITY COUNCIL
AGENDA REPORT**
Agenda Item #: 3.3

TO: Credit River Mayor and City Council
FROM: Shane Nelson, City Engineer
SUBJECT: Letter of Credit Reduction Request – The Ranch of Credit River
MEETING DATE: October 3, 2022

OVERVIEW:

Credit River has previously approved The Ranch of Credit River development and it is currently under construction. As a provision of the Development Agreement, the City requires that the Developer establish a financial security to guaranty the performance of the work.

The Development Agreement also allows the Developer to apply to the City Council for a reduction of the financial security from time to time based on work completed.

In accordance with the Development Agreement, the Developer has requested a reduction in the financial security based on work completed to date. We have reviewed the project status and recommend that the Letter of Credit may be reduced at this time.

ACTION TO BE CONSIDERED:

City Council to approve the Letter of Credit reduction recommendation and direct staff to notify the issuer of the Letter of Credit of the reduction.

BUDGET IMPLICATION:

N/A – All costs are borne by the Developer

ATTACHMENTS:

- Letter of Credit Reduction Recommendation letter

September 30, 2022

City of Credit River
18985 Meadow View Blvd
Credit River, MN 55372

RE: The Ranch of Credit River
Letter of Credit Reduction Recommendation

Dear Mayor and City Council:


We have reviewed the status of The Ranch of Credit River project. At this time, the project has not been accepted by the City. We would summarize the project as follows:

1. The grading has been substantially completed. Establishment of native vegetation in the filtration basins remains to be completed.
2. The initial installation of silt fence has been completed and the site has been seeded. Maintenance of silt fence during construction and re-seeding and correction of washouts as necessary remains until the site is fully established.
3. The wetland buffers remain to be established with native vegetation.
4. The storm sewer/culverts have been constructed.
5. The concrete curb and gutter, base course of bituminous, and wearing course of bituminous for the City streets has been constructed. Installation of street signs remains to be completed.
6. The construction of the CSAH 91 turn lanes remains to be completed.
7. The construction of the driveway to 20804 Vernon Ave remains to be completed.
8. We have not received the as-built utility plans or grading plans.
9. We have not received certification that all iron monuments (lot corners) have been placed.

Based on the status of the project as summarized above, the estimated construction cost to complete the remaining improvements is \$450,000. We therefore recommend that the Letter of Credit may be reduced to \$562,500 at this time, which is 125% of the estimated cost of the remaining improvements.

If you have any questions, please feel free to contact me at 763-852-0470 or ShaneN@haa-inc.com .

Sincerely,
Hakanson Anderson



Shane Nelson, P.E., City Engineer

cc: Karen Donovan, City Clerk
Dominique Hill, City Treasurer
William Feldman, Developer
Nicholas Adam, Developer's Engineer