

MINUTES
INFRASTRUCTURE REVIEW ADVISORY BOARD
Water Purification Plant
August 1, 2012 8:30 a.m.

Members and Alternates Present

Chad Huwe, Jeff Schmitt, Tim Galbraith

Members and Alternates Absent

Mark Cotter, Mike Cooper, Matt Carlson, Bill Kemmis, Scott Hofer

Others Present

Jeff Boldt, Brett Lovrien, Todd Anawski, Clayton Jamison, Eric Willadsen, Cynthia Monnin, Kurt Peppel, Mark Vellinga, Jeff DesLauriers, Ken Dunlap, Mark Anderson, Nick Gusso, Steph Hummel, Myron Adam

Approval of Minutes of Last Meeting

The previous meeting minutes were not approved since there was not a quorum available to pass the motion.

Business

a. Subdivision Construction Agreement (SCA)

Chad Huwe, City of Sioux Falls, discussed the SCA. The following handouts were distributed and are referenced in the SCA:

- Bond Agreement
- Escrow Agreement (Performance Security)
- Escrow Agreement (Payment Addendum)
- Escrow Agreement (Warranty Security)
- Irrevocable Letter of Credit Agreement
- Public Improvements Minimum Testing Requirements
- Concrete Acceptance and Warranty Guidelines

Discussion

Performance Bond Agreement

Chad Huwe, City of Sioux Falls, discussed the Performance Bond Agreement for the construction of the improvements. The performance bond is a surety bond issued by a surety company to guarantee satisfactory completion of the required public improvements by a developer. If the developer fails to complete the required improvements set forth in the subdivision construction agreement, the surety will complete the improvements. When the bond is signed, the developer is agreeing that if the surety company has cause to pay a loss, then the surety company will seek reimbursement from the developer.

In paragraph 8 on page 2, there is an option to also provide a payment bond for the contractors. The payment bond form will be a separate form since it cannot be combined with the performance bond.

Question: Who determines when the bond company pays, how much is paid, and who determines the loss? The City Engineer will determine what needs to be completed. The surety company does not pay a fixed amount. They fund the improvements in a manner that is most cost effective for them. Options could include hiring a contractor to complete the work or forwarding the funds to the City.

Paragraph 9 on page 3 of the Performance Bond Agreement discusses the surety company's credit rating. It reads "that its credit rating is A- or better.

Question: Should it read "that its credit rating is the best rating"? This will be researched and revised if needed.

Public Improvements Minimum Testing Requirements

The City has created this policy and it will apply to both the construction of subdivisions and the construction of capital projects. The City currently works with two local testing companies and does not have a preference of which one is used. The City inspector will be notified when tests are needed and the City can coordinate the testing with the testing company.

Question: Who pays for the testing? Paragraph 7 of the policy states the City will pay for all City-required tests. Corrective-action tests required due to failing materials shall be the responsibility of the contractor/developer.

Concrete Acceptance and Warranty Guidelines

This document was developed and has been used for the construction of capital projects. It will now also apply to the construction of subdivisions.

Question: Will the developer be required to repair concrete that is damaged by a private party, such as a homebuilder or landscaper? At this point, the City will use code enforcement and attempt to have the party that caused the damage repair it. For example, if the curb and gutter is damaged during the construction of a home, the City would hold the building permit holder responsible for the damages.

Subdivision Construction Agreement

The first sentence of Section 9, Engineer's Estimate has been revised to read "The engineer retained by the developer shall prepare and provide" instead of "prepare and certify".

Out-of-Compliance Subdivisions

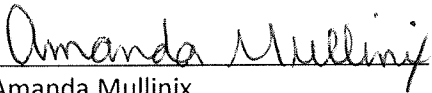
Letters were sent on July 3, 2012 to the out-of-compliance subdivision. To summarize, the letters stated is the City's intent to explore any and all legal channels to enforce the assurance agreement if the subdivision is not in compliance by September 30, 2012. In addition, we requested a written plan to be submitted by July 20, 2012 that demonstrates the affirmative steps they had taken to comply with the deadline. Examples of affirmative steps could be a copy of a contract to complete the work or bank verification that funds are available to complete the work. Chad has met or will be meeting with all of the out-of-compliance subdivisions.

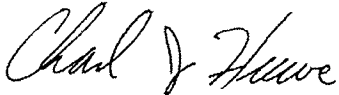
Board Action

Action Items

Adjournment

The next IRAB meeting is set for August 15, at 8:30 a.m., at the Water Purification Plant. A motion was made by Chad Huwe for adjournment at 9:50 a.m.; the motion was seconded by Jeff Schmitt. Roll call: Yeses- Huwe, Schmitt, Galbraith-3. Noes, none.


Amanda Mullinix
Secretary


Chad Huwe
City Engineer