Background

The BCWD requires maintenance of a financial assurance to:

1. Encourage compliance;
2. Ensure that BCWD has reasonably adequate funds to complete work to bring a project site into compliance in the event that the applicant fails to do so.

The amount of financial assurance required is set according to an objective formula to address these considerations in the permitting process (The formula is: $2,000/acre for grading alterations; 125 percent of stormwater facilities estimated cost.) The purposes for which a financial assurance is required guide the managers’ decision-making in the event of a request for a release of a portion of a financial assurance based on partial completion of permitted work. An examination of the work that remains against the amount of financial assurance the BCWD retains is a necessary step involved in analyzing a reduction request to ensure the adequacy of the remaining funds.

Update

This is the second request for a reduction in the financial assurance for the project. Previously, the BCWD board approved a reduction of $154,675, leaving $166,125 remaining as financial assurance. Details from this analysis can be found in the previous memo attached as Attachment A.

Additional work on the storm sewer system has been completed since the first financial assurance reduction. This included installation of flared end sections and riprap at all pipe outlets and discussion and resolution of pipe installation concerns with the City of Stillwater. Remaining work, or documentation thereof, consists of the pond outlet control structure, pond grading, and finalization of the infiltration basin grading and restoration. Should the BCWD need to complete this work under a separate contract, the cost is estimated at $111,305 (Attachment B). This estimate is based on unit price adjustments for the smaller scale of the work, an 8 percent mobilization cost, 125 percent of the remaining stormwater facilities, and it includes seeding and turf establishment as 70 percent uniform perennial vegetative growth has not been achieved.

The administrative, legal and technical costs BCWD would incur in acting on a financial assurance represent a consideration for the managers in weighing a request for release of a portion of a financial assurance, but this memo does not recommend retention of a specific dollar amount by BCWD to offset these potential costs beyond the 125 percent included for the stormwater facility construction.
Summary of Financial Assurance Record

<table>
<thead>
<tr>
<th>DATE</th>
<th>BCWD FINANCIAL ASSURANCE REDUCTION AMOUNT</th>
<th>REMAINING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Amount</td>
<td>$0</td>
<td>$320,800</td>
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<tr>
<td>Previous request</td>
<td>$154,675</td>
<td>$166,125</td>
</tr>
<tr>
<td>This request</td>
<td>$54,820</td>
<td>$111,305</td>
</tr>
</tbody>
</table>

Recommendation

Based on this analysis, the BCWD engineer recommends that the Board reduce the financial assurance held by BCWD by $54,820.