




City of Bowie

2614 Kenhill Drive
Bowie, Maryland 20715

MEMORANDUM

TO: City Council

FROM: David J. Deutsch
City Manager 

SUBJECT: Woodmore Estates Improvements R-69-10

DATE: October 13, 2010

The developer of the Woodmore Estates subdivision, with entrances on Church and Mount Oak Roads, has faced bankruptcy. As a result, the developer has not completed the roads in the neighborhood. This situation presented some significant obstacles to efficiently managing the February 2010 snowstorms in the neighborhood. This community includes approximately 120 homes.

The City has been able to negotiate with the bonding company representing the developer, so that the amount of money necessary to complete the improvements will be provided to the City. City staff will use our contractor to complete the paving and shoulder work. The work is expected to be completed this fall.

RECOMMENDATION

Your approval of Resolution R-69-10 is requested.

DJD/asf

Attachment

RESOLUTION**OF THE COUNCIL OF THE CITY OF BOWIE
AUTHORIZING THE CITY MANAGER TO ENTER INTO A SETTLEMENT
AGREEMENT AND RELEASE OF THE CITY'S CLAIMS AGAINST BOND
SAFEGUARD INSURANCE COMPANY AND LEXON INSURANCE
COMPANY IN CONNECTION WITH A PERFORMANCE BOND POSTED BY
WASHINGTON MANAGEMENT CO., SECURING THE CONSTRUCTION OF
STREETS AND RELATED IMPROVEMENTS IN PHASE III OF THE
SUBDIVISION KNOWN AS WOODMORE ESTATES, IN CONSIDERATION
OF THE PAYMENT BY THE RELEASEES TO THE CITY IN THE AMOUNT
OF TWO HUNDRED THOUSAND DOLLARS.**

WHEREAS, Woodmore Estates is a subdivision in the City that has been constructed in three phases, the third of which was not completed before the developer, Washington Management Company (hereinafter, "Washington Management"), sought bankruptcy protection and stopped construction of the streets; and

WHEREAS, the streets and related improvements in Woodmore Estates, Phase III remain unfinished, which unfinished conditions cause inconvenience to residents of the subdivision and to members of the travelling public and are potentially unsafe; and

WHEREAS, Washington Management, pursuant to the terms of a Public Works Agreement with the City, posted performance bonds in favor of the City, securing, among other things, the completion of the streets and related improvements in Phase III of the subdivision; and

WHEREAS, Lexon Insurance Co. (hereinafter, "Lexon"), a subsidiary of Surety Holding Co., on behalf of Bond Safeguard Insurance Company, the entity obligated under Washington Management's performance bond for the streets and related improvements in Woodmore Estates, Phase III (Bond No. 1011222), has agreed to pay \$200,000 to the City to settle the City's claims arising from or relating to the bond; and

WHEREAS, City staff has determined that the amount offered by Lexon is sufficient to cover the costs of the remaining road work, and that undertaking the work through City's Department of Public Works or by public contract with a third party, will be faster and more efficient and will better serve the public's interests than seeking completion of the work by the bond issuer; and

WHEREAS, City staff has therefore recommended that the City Council accept the settlement offer and execute a release conditioned upon payment of the settlement amount within fifteen (15) days of the signature of the authorized City representative.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Bowie, Maryland, that:

Section 1. The City Manager is hereby authorized to enter into an agreement, in a form acceptable to the City Attorney, with Lexon Insurance Co. on behalf of Bond Safeguard Insurance Company, agreeing to settle and release the City's claims relating to the completion of the streets and related improvements in Phase III of the subdivision known as Woodmore Estates that are the subject of the performance bond posted by those entities (Bond No. 1011222), in exchange for a payment, within fifteen days thereof, by the releasees to the City in the amount of Two Hundred Thousand Dollars (\$200,000).

INTRODUCED AND PASSED by the Council of the City of Bowie, Maryland at a Regular Meeting on October 18, 2010.

G. Frederick Robinson
Mayor

Attest:

Pamela A. Fleming
City Clerk