

Council Agenda Item 25-0828R



MEETING DATE: October 27, 2025

SUBJECT/TITLE: RESOLUTION AUTHORIZING A FIRST AMENDMENT TO DEVELOPMENT AGREEMENT WITH HARTLEY HILLS LAND DEVELOPMENT, LLC AND ACCEPTING PERMANENT EASEMENTS FOR: (I) UTILITY PURPOSES AND (II) PUBLIC RECREATIONAL, WALKWAY AND TRAIL PURPOSES OVER REAL PROPERTY IN THE WOODLAND NEIGHBORHOOD, AT NO COST TO THE CITY.

SUBMITTED BY: Danielle Erjavec, Senior Property Services Specialist

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: 20-0409

BACKGROUND: The City council authorized a development agreement with Hartley Hills Land Development, LLC, a Minnesota limited liability company, under Resolution No. 20-0409, affecting a housing development project in the Woodland neighborhood (the "Development Agreement"). This resolution: (i) authorizes a first amendment to the Development Agreement and (ii) accepts two easements from the LLC, at no cost to the City.

Under the Development Agreement, the LLC is required to convey Outlot A within the plat of FIRST REARRANGEMENT OF HARTLEY HILLS FOURTH ADDITION to the City for stormwater purposes, but the City does not need the entirety of Outlot A because of the platted drainage easement and the two easements accepted by this resolution. This first amendment to the Development Agreement requires the LLC to convey the two easements accepted under this resolution in exchange for the release of the requirement to convey Outlot A to the City. The release of Outlot A will allow the LLC to sell it to an adjacent owner and ensures Outlot A provides taxable value to tax base of Duluth (Outlot A would be tax-exempt if owned by the City). The City has existing infrastructure within the two easement areas—the utility easement area contains a stormwater pipe and the trail easement area contains a trail that leads to Hartley Park.

The first amendment to the Development Agreement also requires LLC to deliver two additional easements for public recreational, walkway, and trail purposes to the City by June 30, 2026 (the "Additional Easements"). LLC has additional time to deliver the Additional Easements because the two affected lots are privately owned (not owned by the LLC). The Additional Easements will be presented to the city council for acceptance once they have been finalized.

BUDGET/FISCAL IMPACT: None

OPTIONS: Approve resolution so that the City can amend the Development Agreement and obtain the easements it needs for existing public infrastructure or the Developer will need to convey Outlot A to the City for stormwater purposes

NECESSARY ACTION: Authorize First Amendment to Development Agreement and accept two easements

ATTACHMENTS: Exhibit 1—First Amendment to Development Agreement; Exhibit 2—Utility Easement; Exhibit 3—Trail Easement; Exhibit 4—Map