

City of Winsted
Special City Council Meeting
Lewis Room
Tuesday, August 23, 2016
11:30 a.m.

Present: Mayor Steve Stotko
Council Member Bonita Quast
Council Member Tom Ollig

Absent: Council Member George Schulenberg
Council Member Patty Fitzgerald

Staff Present: Mr. Dan Tienter, City Administrator
Ms. Raquel Kirchoff, City Clerk-Treasurer

Also Present: Mr. Jake Saulsbury, Bolton and Menk, Incorporated

1) Mayor Stotko called the meeting to order at 11:30 a.m.

2) Consent Agenda

a) Special City Council Meeting Fee

Waived the fee of \$400 for the special meeting of the City Council scheduled and held on August 23, 2016.

Council Member Ollig motioned to adopt the Consent Agenda as presented. Council Member Quast seconded the motion. Motion carried 3-0.

3) Old Business

a) Industrial Park Expansion – Phase One (1)

Mr. Tienter stated that on July 5, 2016, the City Council approved a quote with Reiner Contracting (Reiner) for the first phase of public improvements to the Industrial Park Expansion in the amount of \$173,939.50, contingent upon execution of a Business Development Public Infrastructure (BDPI) grant agreement with the Minnesota Department of Employment and Economic Development (DEED). Per the bid requirements, the City of Winsted (City) could hold the bid contingent upon financing for up to 60 days from the bid opening, which occurred on June 14, 2016 for a deadline on August 14, 2016.

Mr. Tienter stated that despite consistent requests from City staff, DEED did not provide a final grant agreement until August 16, 2016, or two days after the deadline. Upon receipt, City staff contacted Reiner to authorize the project and execute the project contracts; however, representatives of Reiner informed City staff of their intent to withdraw from the project. Reiner refused several requests from City staff to continue the project forcing the City to contact the second, apparent low bidder, Fehn Companies (Fehn), which bid \$203,627.64. Fehn was interested in moving forward with the project.

Mr. Tienter stated that along with the BDPI Grant, which supports 50% of the project cost, the City will finance the remaining cost through the sale of Industrial Park Expansion land, specifically Lots No.1 and No. 2, to America's Best Cargo (ABC), an enclosed trailer manufacturer. The City Council authorized the Mayor to execute a purchase agreement with ABC to sell both lots for \$120,000; however, with the increase in construction costs, the City must also amend the purchase agreement to increase the purchase price to be consistent with the 50/50 cost sharing arrangement.

Mr. Tienter stated that although Fehn expressed interest in the project, they requested two modifications to their original project bid: 1) an increase in bid cost by \$19,872.36 (or approximately 9.5%); and 2) a six-week project completion deadline extension. As a result, construction costs would total approximately \$223,500.00, which would bring the total project costs, including design and engineering, to approximately \$288,500.00, which would be supported

through a 50/50 cost sharing between the BDPI Grant and the sale of land to ABC, or approximately \$144,250 from each party. Representatives of ABC agreed in principle to this arrangement including the deadline extension.

Mr. Tienter stated that the City Council should consider the following.

1. Rescind the approved quote with the apparent low bidder and move forward with the receptive low bidder by:
 - a. Rescind the approved quote from Reiner Contracting in the amount of \$173,939.50 and approve a quote with Fehn Companies in the amount of \$203,627.64 for the Industrial Park Expansion, Phase I project;
 - b. Authorize the City Administrator to approve any individual expenditure or project change up to \$20,000; and
 - c. Authorize the City Administrator to execute an amendment to the purchase agreement for Lots No. 1 and No. 2 of the Industrial Park Expansion to increase the purchase price to \$145,000 and revise the closing date to on or before August 18, 2017.

Mr. Tienter stated that the City Attorney verified that it would be permissible to go straight to the second apparent low bidder without re-bidding the project. Mr. Jake Saulsbury, Bolton and Menk, Incorporated stated that re-bidding the project would take longer and he sensed that that the bids would be higher if the project was re-bid and not benefit the City.

Mayor Stotko asked when the project would begin. Mr. Saulsbury replied that a definite timeline has not yet been established, but preliminary discussions are that the utilities would be completed in the fall of 2016 and the grading would be completed in the spring of 2017. Timeline discussions will be ongoing depending on weather and the workload of the contractor.

Council Member Ollig motioned to rescind the approved quote from Reiner Contracting in the amount of \$173,939.50 and approve a quote with Fehn Companies in the amount of \$203,627.64 for the Industrial Park Expansion, Phase I project. Council Member Quast seconded the motion. Motion carried 3-0.

Council Member Quast motioned to authorize the City Administrator to approve any individual expenditure or project change up to \$20,000. Council Member Ollig seconded the motion. Motion carried 3-0.

Council Member Ollig motioned to authorize the City Administrator to execute an amendment to the purchase agreement for Lots No. 1 and No. 2 of the Industrial Park Expansion to increase the purchase price to \$145,000 and revise the closing date to on or before August 18, 2017. Council Member Quast seconded the motion. Motion carried 3-0.

4) No New Business

5) Other

a) Industrial Park Expansion Plat

Mr. Saulsbury stated that comments have been received from McLeod County regarding the Industrial Park Plat; therefore, approval of the plat would be requested at an upcoming City Council meeting.

b) 621 Northgate Circle

Mr. Saulsbury stated that the manhole that Mr. Ron Mills, 621 Northgate Circle, referred to at a recent City Council meeting was located. Mr. Saulsbury stated that the area would be televised and that City Council would be informed of the findings. Mr. Tienter stated that he spoke with Mr. Mills so he was aware that City staff would be on his property to investigate the area.

c) Kingsley Street Area Improvement Project

Mr. Saulsbury provided a construction update regarding the Kingsley Street Area Improvement project.

5) Adjourn

Council Member Quast motioned to adjourn the meeting. Council Member Ollig seconded the motion. Motion carried 3-0.

The meeting was adjourned at 11:45 a.m.

Steve Stotka

Steve Stotka
Mayor
City of Winsted

ATTEST:

Raquel Kirchoff

Raquel Kirchoff, CMC
City Clerk-Treasurer
City of Winsted