



MAYOR AND COUNCIL COMMUNICATION

DATE: 9/03/2013
REGULAR
ITEM #: 11

AGENDA ITEM: Section 34 Water and Sewer Utility Extension Improvements – Public Improvement Hearing; Ordering the Improvement; Accept Bids and Award Contract
SUBMITTED BY: Jack Griffin, City Engineer
THROUGH: Dean A. Zuleger, City Administrator
REVIEWED BY: Adam Bell, City Clerk
Cathy Bendel, Finance Director
Dave Snyder, City Attorney
Ryan Stempksi, Assistant City Engineer

SUGGESTED ORDER OF BUSINESS:

- Introduction of Item..... City Engineer
- Report/Presentation City Engineer
- Questions from Council to Staff..... Mayor Facilitates
- Public Input, if Appropriate..... Mayor Facilitates
- Call for Motion..... Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion Mayor Facilitates

SUMMARY AND ACTION REQUESTED:

The City Council is respectfully requested to open the Public Improvement Hearing for the Section 34 Water and Sewer Utility Extension Improvements; and following the hearing, consider adopting Resolution No. 2013-72, thereby ordering the improvement, accepting contractor bids as presented and awarding a contract for the improvements. The recommended motion for this action is as follows:

“Move to approve Resolution No. 2013-72, Ordering the Improvement, Accepting the Bids, and Awarding a Contract to Redstone Construction Co., Inc., in the amount of \$1,701,884.50, for the Section 34 Water and Sewer Utility Extension Improvements.”

BACKGROUND:

This project was initiated by a Petition for Public Improvements, pursuant to Minnesota Statute 429. The petition was received by City staff and presented for Council consideration on March 19, 2013. As a result of the Petition, the council ordered both the Preparation of the Feasibility Report and the Preparation of Plans and Specifications for the requested Improvements.

A Feasibility Report was approved on July 16, 2013. The Report addresses the scope of the proposed improvements together with the estimated project costs and the preliminary assessment roll. This report is available for review at City Hall.

The feasibility report recommendations are a result of continuous communications with the impacted property owners and potential development partners. Staff conducted three property owner meetings and corresponded with many of the property owners throughout the preparation of the report and design for the improvements. Both the scope of improvements to be constructed for this project and the cost allocation methodology were revised multiple times in response to stakeholder input. The Report findings and recommendations, puts forth a proposed project that substantially achieves the goals and objectives of the requested project while balancing the specific interests of the various stakeholders and fairly distributing the burden of cost.

The City Council also approved the Plans and Specifications for the project on July 16, 2013, and authorized staff to advertise the Project for bids. The Project was advertised on QuestCDN.com, Finance and Commerce, and in the Oakdale-Lake Elmo Review in accordance with the Minnesota Competitive Bidding requirements.

STAFF REPORT:

Pursuant to Minnesota Statutes, Sections 429.011 to 429.111, a Public Improvement Hearing has been noticed for September 3, 2013, sometime after 7:00 P.M. to consider ordering the improvements for the Section 34 Water and Sewer Utility Extension Improvements.

The project will extend trunk watermain and sanitary sewer facilities necessary to serve the projected growth and development for the remaining undeveloped properties located in Section 34, Township 29 North, Range 21 West. The recommended improvements consist of trunk watermain and sanitary sewer (including a lift station near Goose Lake), extending from the Eagle Point Business Park along Hudson Boulevard and Keats Avenue to the south end of Goose Lake. Twelve (12) permanent and twelve (12) temporary construction easements are required to construct the project as proposed and for the costs used to prepare the preliminary assessment roll. The City is requesting the dedication of all easements at no cost and in a form acceptable to the City Attorney. Without the easements the project may be constructed at greater cost with the higher costs being assessed back to the benefitting properties. A report on the status on the receipt of these permanent and temporary easement agreements will be made at the meeting.

The attached notice was published in the official newspaper and individual notifications were sent to each property owner that has been determined to benefit from the improvements and will therefore be assessed a portion of the costs. The preliminary assessment roll has been distributed to each of the benefitting properties and the City has requested a Waiver of Assessment and Irregularity Agreement from each of them, in a form acceptable to the City Attorney. Receipt of this agreement provides the City with certainty of recovering all costs apportioned to that property through the levy of the assessment and avoids potential litigation. If the City receives this signed agreement from 100% of the property owners, the City may waive the public hearings per MN State Statute 429.

Bids were received, publicly opened, and read aloud on August 20, 2013. The City Engineer and his consultants have prepared and attached the Letter of Recommendation for the award of the contract. The City received five (5) bids for this project, with Redstone Construction Co., Inc. providing the lowest base bid in the amount of \$1,701,884.50. The Engineer's post-design construction cost estimate for the project was \$1,808,986, excluding a 10% contingency.

Redstone Construction Co., Inc. is a known contractor having successfully completed similar projects in the Metro Area. The City Engineer is therefore recommending that the Council award the contract to the lowest responsible bidder, Redstone Construction Co., Inc., as outlined in the attached letter. The

Contractor has communicated a balanced bid and is prepared to deliver the project per the plans and specifications and in accordance with the substantial completion date of December 20, 2013 and final completion date of May 30, 2014.

The total estimated cost of the watermain improvements is \$671,800. The total estimated cost of the sanitary sewer improvements is \$1,706,400.

FUNDING:

The project will be financed through the issuance of tax exempt bonds. The total project costs will be 100% assessed to the benefitting properties with payments made over 15 years at 4.5% (the City's bond rate plus 2%). Each benefitting property was asked to sign a Waiver of Assessment and Irregularity Agreement to indicate their support for the improvements and waive their right to appeal the assessment. A report will be given at the council meeting to indicate which properties are backed by the submittal of a Signed Waiver of Assessment and Irregularity Agreement in the form acceptable to the City Attorney.

RECOMMENDATION:

Staff is recommending that the City Council approve Resolution 2013-72, thereby ordering the improvement, accepting contractor bids as presented and awarding a contract for the improvements. The recommended motion for this action is as follows:

“Move to approve Resolution No. 2013-72, Ordering the Improvement, Accepting the Bids, and Awarding a Contract to Redstone Construction Co., Inc., in the amount of \$1,701,884.50, for the Section 34 Water and Sewer Utility Extension Improvements.”

ATTACHMENT(S):

1. Resolution No. 2013-72 Ordering the Improvement, Accepting the Bids, and Awarding a Contract for the Section 34 Water and Sewer Utility Extension Improvements.
2. Notice of Hearing and Preliminary Assessment Rolls.
3. Engineer's Letter of Award Recommendation.
4. Project Schedule.