

**ARLINGTON CITY COUNCIL  
COUNCIL MEETING WORKSHOP AGENDA  
APRIL 15, 2019 AT 5:00 PM  
COUNCIL CHAMBERS**

1. Call meeting to order
2. Roll Call
3. Approve Meeting Workshop Agenda
4. Discussion regarding bids received for 2019 Street & Utility Improvement Project; funding and impact for the homeowners and City budget.

Attending will be Engineer Jason Femrite of Bolten & Menk, and Shannon Sweeney of David Drown Associates to help answer questions.

**ADJOURNMENT**

**ARLINGTON CITY COUNCIL  
COUNCIL WORKSHOP MEETING MINUTES  
APRIL 15, 2019**

The Council Workshop meeting was called to order at 5:03 p.m., Mayor Richard Nagel presiding.

Members present: Richard Nagel, Michelle Battcher, Jim Heiland, Tom Hatlestad and Ben Jaszewski.  
Also present: City Adm. Pat Melvin, City Engineer Jason Femrite, (Bolton & Menk) and Shannon Sweeney (David Drown and Associates).

Motion by Battcher, seconded by Hatlestad, and passed by unanimous vote to approve the agenda consisting of a discussion regarding the bids received for the 2019 Street and Utility Improvement Project in light of the bids coming in 20% higher than the engineers estimate.

There was discussion about the proposed improvement project which was intended to alleviate the flooding issues that residents in the area of Clinton Avenue have experienced in the past. This project would include installing new storm water lines and a new storm water outlet into High Island Creek thereby providing the overall system with a new outlet and relieving some of the stress on other outlets that get backed up. Currently residents in this area following a significant rainfall are experiencing basement flooding and standing water in the streets that takes several days to drain with nowhere to go simply because the storm water system does not have sufficient capacity to effectively and efficiently transport and discharge the water more quickly into High Island Creek.

The City upon opening bids on April 1, 2019 had a total of two bids from William Mueller & Sons Inc. out of Hamburg and Ryan Contracting Co. from Elko, MN for the estimated \$2,010,239.50 project. The lowest bid came in at \$2,447,370.76 from William Mueller & Sons Inc. The Council engaged City Engineer Jason Femrite in trying to understand why there were so few bids and why the cost was so much higher than the engineers estimate.

City Engineer Jason Femrite shared with the council some steps that he had taken to ensure that bidders were allowed to bid lower costing materials. One example is the specifications would have allowed the contractor to use a high density plastic line verses the typical concrete storm water lines. The high density plastic line is being used more by contractors, it requires a little more work in setting it in but significantly drops the cost of the line by about \$50 foot. Unfortunately from the two bids received neither elected to go this route which could have resulted in significant savings.

One contributing factor the Council was told was that one week prior to bid closing OMG (formerly known as Chard), whom the City had done a significant amount of street work with in the past, had decided that it would no longer do underground street and utility project work and so a bid was not received from OMG. In past street projects OMG has typically come in as a lower bidder on street improvement projects.

There was also discussion about the time of the year that this project went out for bid and questions about whether or not an earlier bid date would have reached resulted in more bids and lower costs since by April some bidders might have already accepted jobs and lined up a busy summer schedule. There was some discussion about rebidding the project in the fall and if the numbers didn't come in lower to get it back out there to contractors for consideration in February of 2020.

Shannon Sweeney from David Drowns and Associates was present to review his letter dated April 11, 2019 which summarized the City's financial position and how pursuing a project such as this might

impact the City's overall finances. Shannon shared with the Council that based on these new costs the City would be looking to finance over \$3,010,000 in bonds to pay for this project. The positives are that interest rates are looking good at around 3.16% and that the City has an existing debt of \$63,000 falling off the books from final payment for the Community Center bond. Therefore the tax impact will not be new debt but it will extend existing debt that otherwise could have been used to lower the tax levy. Shannon also reviewed the 2015B and 2014A bonds that will be falling off in 2019 but will be replaced in order to fund expenditures associated with the 2018-2023 Capital Improvement Plan which include a new Fire Truck, 800 MHz radios, squad car, street lights and replacing the existing payloader.

Shannon further highlighted how each component of the 2019 Street & Utility Improvement Project would impact water rates, sanitary sewer rates, storm water rates and special assessments. The water rates would be expected to fund \$21,000 a year, the sanitary sewer would be expected to fund \$23,000 a year (which may require a rate increase) and the storm sewer rates would be relied upon for approximately \$64,000 a year which would require a significant increase or \$7 per month for a single family residential home. Lastly the special assessments for this project would be \$521,472 which typically is financed over a 20 year term at an interest rate of 5%.

Shannon considered the impact that the City pursuing this project would have on somebody living in a home with an estimated market value of \$150,000 and concluded that it would result in an additional \$80.32 in annual property tax dedicated to debt, an additional \$84.00 dedicated to new storm water fees, with an additional special assessment of \$802.43, for a total impact of \$966.75. This is an overall increase from what was proposed originally by \$25.20 due in part to the lower interest rates which are presently available.

The Council did not make any decisions but encouraged residents to attend the Public Hearing on May 6<sup>th</sup> and share their thoughts with the Council about whether or not this project should continue to move forward.

Motion by Battcher, seconded by Jaszewski, and passed by unanimous vote of those present to adjourn the meeting at 6:06 pm.

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City Administrator Patrick Melvin

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Mayor Richard Nagel