

CITY COUNCIL AGENDA

July 24, 2008

Tuesday, July 29, 2008

4:30 p.m.

City Hall, Council Chambers

1. Call to Order
2. Additions / Deletions to Agenda
3. Approval of Accounts Payable Listing
4. Liquor Store Report
5. Bond Sale for Projects 72 & 73
6. Appoint Election Judges for Primary and General Elections
7. WWTF Phosphorous Improvement Bid Report
8. Water Plant Improvement Bid Report
9. Adjourn to Economic Development Authority Meeting
10. Review Economic Development Authority Actions

CITY OF PELICAN RAPIDS COUNCIL MEETING MINUTES – 07-29-08

City Council met in regular session at 4:30 p.m. on Tuesday, 07-29-08, in Council Chambers, City Hall. Mayor Wayne Runningen, Council Members Ben Woessner, Richard Peterson and John E. Waller, III were present. Council Member David Gottenborg was absent. Administrator Don Solga, Clerk-Treasurer Glenys Ehlert, Utilities Superintendent Brent E. Frazier, Library Director Annie Wrigg, Liquor Store Manager Bob Leslie, Engineer Pat Reinsnour, Monte Eastvold of Northland Securities, Inc., Don Cole of West Central Turkeys, LLC, Marlan D. Peterson, Jackie Peterson, Meghan Feir and Kelley Gorman of The Pelican Rapids Press were also present.

Meeting called to order by Mayor Runningen.

Agenda additions included Library Personnel and Certification of Unpaid Utility Bill.

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Council Members discussed the Accounts Payable Listing of 07-29-08. Motion by Peterson, seconded by Waller to approve payment of the Accounts Payable Listing of 07-29-08 as presented. Motion passed unanimously.

Liquor Store Manager Bob Leslie reported on the Liquor Store. Mike Melgren has resigned. Manager plans to have other employees add hours. Administrator Don Solga said the Facilities Committee has been meeting about plans for a new liquor store. Plans are to demolish the existing building in August.

Bond Consultant Monte Eastvold of Northland Securities, Inc., reviewed the General Obligation Bonds of 2008, Series A for Street and Utility Improvement Projects No. 72 and No. 73. Council will be considering action to issue the bonds and to enter into a contract with Northland Securities to market the bonds.

Motion by Waller, seconded by Woessner to introduce the following written resolution, entitled, **RESOLUTION AWARDING SALE OF \$855,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2008A, FIXING THE FORM AND SPECIFICATIONS THEREOF, PROVIDING FOR THEIR EXECUTION AND DELIVERY, AND PROVIDING FOR THEIR PAYMENT.** (A complete text of this resolution is part of permanent public record in the City Clerk's Office.) Motion passed unanimously and resolution declared duly adopted.

Motion by Woessner, seconded by Waller to approve the contract between the City of Pelican Rapids and Northland Securities, Inc., for the sale of \$855,000 bonds for Street and Utilities Improvement Projects No. 72 and No. 73 and to authorize the Mayor and Clerk to sign the contract. Motion passed unanimously.

Clerk-Treasurer Glenys Ehlert reviewed election judges. Motion by Peterson, seconded by Waller to approve appointment of the following election judges for the Primary Election on 09-09-08 and General Election on 11-04-08: Connie Atchely, Kimberly Pierce, Shirley Irely, Annie Wrigg, Lori Kekaha, Julie Lammers, Joann Frazier, Betty Petkewick, Paulette Nettetstad, Bonnie McGregor, Orrie Gilbertson, Cary Johnson and Patricia Krekelberg. Motion passed unanimously.

Administrator Don Solga reviewed the proposed Wastewater Treatment Facility Phosphorous Management Improvements Support Agreement between the City of Pelican Rapids and West Central Turkeys, LLC for Council's consideration.

Administrator Solga said his understanding from the last Council meeting was that the City would like to do the primary clarifier mechanism alternate as part of this project. Cost reductions to the project seemed to be deleting the alternate for back-up generators and to reduce the size of the sludge storage tank. To meet the residential and commercial debt service expenses, he expected the service charge to increase from \$9.00 per month to around \$14.00. To meet estimated operating costs, including phosphorous removal, Solga said the rate would need to increase from \$1.99 per thousand to over \$4.00 per thousand. However, he is continuing to look at rates structure. Wastewater budget will increase 138% just to meet estimated debt service and operating costs. Don Cole of West Central Turkeys, LLC (WCT), says they feel that the scope of the project has expanded from phosphorous treatment to back-up generators, maintenance items and buying new aerators for the lagoon when the old ones were removed.

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Mayor Runnigen discussed considerations before the Council. He said he believed that the City would need specific plans for an alternate project before rejecting bids. He agreed with Administrator Solga that simply re-bidding the current project would not really be an option.

Council will need to meet on or before 08-08-08 to award or reject the bids.

Mayor Runnigen said the only options we have to reduce costs are dealing with the alternates. The only option with the base bid is to accept the base bid and work through change orders to remove items. If Council rejects bids and rebids, we run the risk of not meeting standards and being fined. Mayor Runnigen continued, "I'm not real optimistic about MPCA granting an extension. Council has to weigh the options. No easy answers."

Engineer Pat Reinsnour reviewed that the two systems to remove phosphorous are biological and chemical. Other technologies are untested over a period of time.

Council discussed the possibility of spray irrigation and land application of the phosphorous in the wastewater.

Motion by Peterson, seconded by Waller to approve the **WASTEWATER TREATMENT FACILITY PHOSPHOROUS MANAGEMENT IMPROVEMENTS AGREEMENT between the City of Pelican Rapids and West Central Turkeys, LLC (WCT)**. (A complete text of this agreement is part of permanent public record in the City Clerk's Office.) In the event that the City does not go forward with financing with the Minnesota Public Financing Authority, this agreement is null and void. Motion passed unanimously.

Administrator Solga reported on Water Plant Improvement Bid Report. The low bid for the Water Plant Improvement Project is \$254,500 and the low bidder is Northern Plains Contracting, Inc.

Library Director Annie Wrigg reported that Laura Brickzen was the successful candidate for the library . Motion by Waller, seconded by Woessner. Motion passed unanimously.

Motion by Waller, seconded by Woessner to certify unpaid utility bill for Parcel No. 76000990652000 in the amount of \$112.24 to Otter Tail County Auditor for collection with real estate taxes. Motion passed unanimously.

Council Member Peterson recommended that the City notify the property owners with non-working shut-offs and encourage replacement of shut-offs.

Motion by Waller, seconded by Peterson to adjourn Council meeting to Economic Development Authority meeting at 5:45 p.m. Motion passed unanimously.

Mayor Runnigen reconvened the City Council meeting at 5:49 p.m.

Motion by Woessner, seconded by Peterson. to approve the Economic Development Authority's (EDA) approval of the minutes of 06-09-08 and 07-14-08; approval of the 07-14-08 action to pay Fire Hall contractor R.A. Bristlin & Son final payment in the amount of \$28,000 and to approve the EDA 07-29-08 Accounts Payable Listing as presented. Motion passed unanimously.

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Motion by Waller, seconded by Woessner to adjourn this meeting to Tuesday, 08-05-08, at 5:00 p.m., to consider WWTF Improvements for Phosphorous Management Project Update and Water Plant Control Improvements. Motion passed unanimously.

6:15 p.m.

Glenys Ehlert, CMC
Clerk-Treasurer

CITY OF PELICAN RAPIDS COUNCIL MEETING MINUTES -08-05-08

The City Council of Pelican Rapids met in continued session from 07-29-08, at 5:00 p.m., on Tuesday, 08-05-08, in Council Chambers, City Hall. Mayor Wayne Runningen, Council Members Ben Woessner, Richard Peterson and John E. Waller, III were present. Council Member David Gottenborg was absent. Administrator Don Solga, Clerk-Treasurer Glenys Ehlert, City Attorney Greg Larson, Utilities Superintendent Brent Frazier, Engineer Pat Reisnour, Don Cole of West Central Turkeys, LLC and Kelley Gorman of the Pelican Rapids Press were also present.

Mayor Runningen reconvened the meeting at 5:00 p.m.

Administrator Don Solga reviewed the Water Plant Control Improvement Project. Bids were received on 06-10-08 and Northern Plains Contracting was the low bidder at \$254,500. Motion by Woessner, seconded by Waller to accept the bid and award the contract to Northern Plains Contracting by introducing the following resolution, entitled **RESOLUTION ACCEPTING BID & AWARDING THE CONTRACT FOR WATER TREATMENT PLANT IMPROVEMENT FOR CONTROLS AND DISINFECTION, PELICAN RAPIDS, MINNESOTA.** (A complete text of this resolution is part of permanent public record in the City Clerk's Office.) Motion passed unanimously and resolution declared duly adopted.

Regarding Wastewater Treatment Facility (WWTF) Improvements for Phosphorous Management, Engineer Pat Reisnour will lay out four options available to the City Council: Award Contract with changes to the lagoon aeration; Reject Bids and Re-Bid; Alternate Technologies and Spray Irrigation.

Administrator Don Solga shared information that the City received notification from an attorney for Rice Lake Contracting regarding the filing of a lawsuit against the City of Pelican Rapids depending on award of WWTF contract based on ambiguous language in bid documents regarding determination of method of calculating low bidder. Rice Lake Contracting is seeking an injunction to require that the City either rebid project or award contract to Rice Lake Contracting.

Administrator Don Solga discussed Option 1 - Award Contract without Alternates and with change order to eliminate aeration. Pros: Possible \$250K Savings, Savings on aeration at the lagoon, faster time line. Cons: Savings on aeration are unknown; No back-up generator, Legal

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action and injunction against the City could delay project and force re-bid. Mayor Runningen discussed awarding contract and re-bidding the primary clarifier alternate.

Engineer Reissour discussed Option 2 - Reject Bids and Re-Bid. Pros: Aeration costs known due to rebidding as an alternate; No legal issue; Gives us an opportunity to correct bid forms; Will lower overall project costs but may increase individual component costs. Cons: Slower time line; Will cut operating time to meet requirements; Costs could be higher.

Engineer Reissour discussed Options 3 and 4 - Reject Bids and Explore Alternate Technologies and/or Spray Irrigation: Pros: May have lower costs; No legal issues. Cons: May cost as much; Requires Minnesota Pollution Control Agency (MPCA) approval of an extension with fees of \$10,000 to \$20,000 and conditions; Will incur more consulting fees with additional engineering costs; If we go to something else, we have to pay Interstate Engineering approximately \$300,000 for work to date; Risk involved in trying newer technologies. Administrator Don Solga said, "I don't think this is a viable option due to expenses."

Public Finance Authority (PFA) money is set aside for City but technical changes must be approved by MPCA. If changes result in costs that exceed the \$7.3 Million PFA loan money set aside for this project, the City will need to find other funding sources for additional expenses.

City Attorney Greg Larson said that Rice Lake Contracting's position is that the terms and conditions of the bid instructions were ambiguous. Whether or not the terms are ultimately determined to be ambiguous or not, the presence of the variation between the bidding instructions and bid form would likely be sufficient in order for Rice Lake to continue with legal action against the City. If bids are rejected, the City needs to identify very specific findings about costs and pending litigation which could delay the project.

Council Member Woessner said high costs are his main concern.

Pat Reissour said if the bids are rejected, the information contained in the bids is private data except the information provided at the bid opening.

Don Cole of West Central Turkeys, LLC, said he's thinking to re-bid. A benefit of rebidding is to separate the lagoon aeration as an alternate.

Motion by Woessner, seconded by Waller to reject the bids because the price is too high. Motion passed unanimously. Administrator Don Solga pointed out that rejecting the bids and rebidding the project will allow modifications that reduce the scope of the project.

Council discussed separate alternates to bid. Council Member Peterson requested that Engineer Pat Reissour bid the aeration for the lagoons in the same way that the tank was bid as an alternate.

Council directed Engineer Reissour to correct language to reflect total of alternatives selected added to base bid will determine the low bid. Alternates will include a back-up generator. Package B will be separate for a 1 million gallon tank. A vacuum bubble aeration system and diffuser based aeration will be separate bid package C.

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Administrator Don Solga said Council will need to authorize Interstate Engineering to do plans and specs and authorize advertising for re-bids and establish the bid opening date. If ad is published on 8-18-08, and advertised for three weeks, the bid opening could be 9-11-08 at 2:00 p.m.

Motion by Peterson, seconded by Waller to authorize Patrick Reissour of Interstate Engineering to do plans and specs for WWTF Improvements for Phosphorous Management Re-Bid, authorize alternate for back-up generators; bid package B for 1 Million gallon tank and bid package C for a vacuum bubble aeration system and diffuser aeration. Motion passed unanimously.

Administrator Don Solga and Engineer Pat Reissour discussed the bill for engineering. The \$247,000 contract is completed and the bill will be provided to the City in September when the PFA funds are available. Interstate Engineering, Inc. is proceeding on a time and materials basis and will provide a cost estimate to finish this project.

Engineer Reissour commented that Rice Lake Construction Group had a non-responsive bid on the back-up generator alternate.

Motion by Peterson, seconded by Woessner to adjourn the meeting at 6:40 p.m. Motion passed unanimously.

Glenys Ehlert, CMC
Clerk-Treasurer