

**DEEPHAVEN CITY COUNCIL SPECIAL COUNCIL MEETING
MONDAY, APRIL 30, 2018
MINUTES**

1. CALL MEETING TO ORDER: Mayor Paul Skrede called the meeting to order at 9:00 a.m.

PRESENT: Mayor Paul Skrede, Councilmember's Kent Carlson Tony Jewett, and Steve Erickson

ABSENT: Councilmember Darel Gustafson

STAFF: City Administrator Dana Young

2. UNFINISHED BUSINESS

A. Approve Change Order No. 1 for the Warming House Project (\$8,476.00)

Administrator Young stated that Minnesota State Statutes requires every municipal project over \$100,000 to have a Performance Bond and a Payment Bond. He stated that the majority of contractors that work on municipal projects, particularly street & utility contractors, are aware of this requirement and the cost of the bonds are simply included in their bid.

He stated that Warming House contractor Brandon Streeter is not familiar with municipal bidding requirements and was unaware that the cost of obtaining a Performance Bond and a Payment Bond would be so high. He stated that the cost of obtaining the two bonds are \$8,976.00 and Brandon had originally estimated the bond cost to be \$500 in the bid he submitted to the City. He stated that his \$500 estimate has been deducted from the total bond cost, resulting in a Change Order No. 1 request in the amount of \$8,476.00.

Administrator Young stated that we renegotiated the contractor's fee down from \$58,000 to \$39,025 and asking the contractor to pick up the cost of the two bonds, which normally would have been included in the bid, would amount to a 23% reduction in his contractor's fee.

Mayor Skrede stated that we could do a work around on the bonding issues but after talking to the City Attorney, we were reminded that Hennepin County is partially funding this project. He stated that he talked with Councilmember Carlson earlier about the possibility of finding potential offsetting reductions, but we don't know if that is going to be the case with this project. He added that the Contractor's fee was originally \$58,000 and he reduced it to \$39,025 after negotiations with the City.

Councilmember Erickson stated that he is very familiar with this situation. He stated that he is working with a University that is requiring insurance limits of \$3 million dollars but he bid the project based on having insurance limits of \$1 million dollars. He stated that the University allowed him to rewrite the contract. He stated that we don't want to penalize the contractor.

Councilmember Carlson stated that it would be helpful if the contractor is aware that he only gets this one shot. He stated that he wants to make sure that the contractor provides a safe work site and gets the job done on time.

Mayor Skrede stated that we can still hope that some of the hard prices are less than anticipated.

Councilmember Jewett stated that he is on the same page with the rest of the Council and likes Councilmember Carlson's approach.

Motion by Councilmember Jewett to approve Change Order No. 1 to B. Streeter & Company in the amount of \$8,476.00 for the 2018 Warming House Project. Seconded by Councilmember Erickson. Motion carried .

B. Other

Discussion was held on potential improvements to the Thorpe parking lot island.

3. ADJOURNMENT

Motion to adjourn by Councilmember Carlson, seconded by Councilmember Erickson. Motion carried 4-0. The meeting adjourned at 9:23 a.m.

Respectfully submitted,

Dana H. Young
City Administrator