

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Tuesday, February 18, 2014
Library Meeting Room– 5:30 p.m.
601 South Washington Avenue

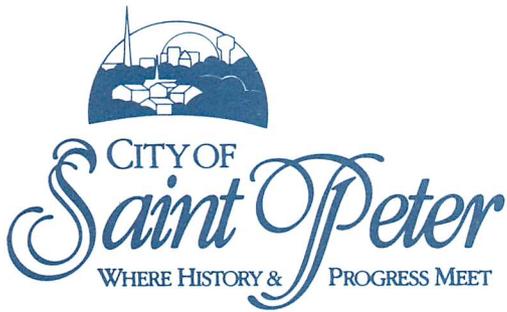
- I. CALL TO ORDER**

- II. DISCUSSION**
 - A. Hospital Budget Presentation
 - B. Revolving Loan Extension Request: Beaudry Inc.
 - C. BHS Board Representation
 - D. 2013 North Third Street Improvement Project Contract Alternate
 - E. Unbudgeted Purchase Request: Electric All-Terrain Vehicle
 - F. Mower Replacement
 - G. Others

- III. ADJOURNMENT**

Office of the City Administrator
Todd Prafke

TP/bal



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 2/14/14

FROM: Todd Prafke
City Administrator

RE: 2014 Hospital Budget Presentation

ACTION/RECOMMENDATION

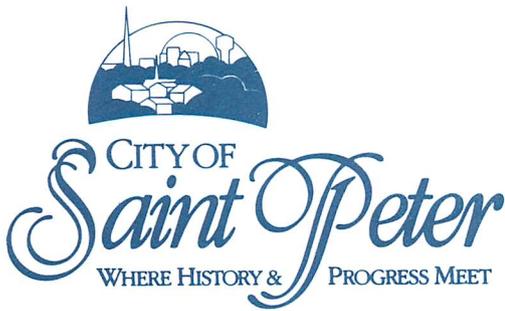
None needed. For your information and discussion only.

BACKGROUND

River's Edge Hospital and Clinic CEO George Rohrich and Director of Finance Ann Lauer will be at the workshop on Tuesday evening to provide a review of the 2014 Hospital budget.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/bal



Memorandum

TO: Todd Prafke
City Administrator

DATE: 02/12/14

FROM: Russ Wille
Community Development Director

RE: Revolving Loan Modification: Beaudry Creative, Inc.

ACTION/RECOMMENDATION

None needed. For Council discussion and information.

BACKGROUND

In 2007, the City Council approved a \$50,000 revolving loan to Beaudry Creative, Inc. to partially finance the acquisition of the Envision, Design that Works business, equipment, furnishings and client roster.

The note was scheduled to be paid in full via balloon payment on February 1, 2012. At that time, Beaudry Creative was unable to retire the note as due. Subsequently, the EDA recommended, and the City Council granted, a 24 month extension of the balloon payment due date. The note was once again due to be retired via balloon payment on February 1, 2014. The balance due as of first of February is \$18,149.46.

During the recent economic down turn, many Envision clients pulled back on their business promotions and advertising expenditures. As a result, Envision's revenue was not meeting the projections in the 2007 business plan resulting in the inability to honor the 2012 balloon payment.

Envision's experience is not unique within the advertising and marketing industry. According to an article in the January 19, 2014 Minneapolis Tribune, "Nearly all agencies have suffered during the Great Recession as clients closed their checkbooks and cut back on marketing and advertising". The article goes on to quote Marcus Lynch, President of Carmichael – Lynch as saying, "In any recession, advertising is the first to go and the last to come back".

While the economy has begun to slowly rebound, Envision revenues continue to lag behind the initial projections. While the company remains profitable, the ownership has been required to continually reinvest in the company to maintain state-of-the-art software and computer systems.

Liz Beaudry has requested that the City grant her a second 24 month extension of her scheduled balloon payment. Payment of the \$18,149.46 balance would create significant cash

flow burdens and hinder the ability to finance the continual business improvements necessary to maintain market share.

Ms Beaudry has sought additional bank financing to allow for repayment of the EDA loan as due. Hometown Bank, the primary project lender, has provided correspondence indicating that they are unable to extend additional credit or otherwise refinance their Beaudry Creating, Inc. debt at this time.

The payments on the Beaudry Creative, Inc. note have been provided each month as due per the terms of the promissory note. The loan history indicates that there have been no late payments or partial payments submitted. The repayment history can be described as perfect.

In the absence of the ability to retire the debt via balloon payment or refinance the debt with the primary lender, the EDA has recommended extending the balloon payment date to February 1, 2016.

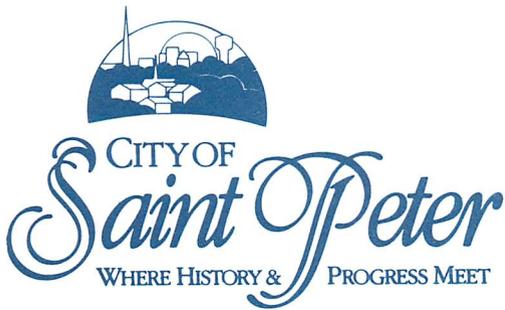
The EDA also considered lowering the interest rate of the Beaudry note to reflect the diminished balance of the note and perfect repayment history. After discussion amongst the EDA members, the final recommendation was to maintain the existing interest rate at 5%. It was also recommended by the EDA that all other terms, conditions and collateralization of the loan remain unchanged.

The due date of the balloon payment would be extended an additional 24 months. The \$530.33 monthly payments would continue via automatic withdraws and the note would continue to bear interest at a rate of 5%.

Assuming that the payment due over the next 24 months would be received as due, the balance of the note on February 1, 2016 would be expected to be \$6,697.30.

Please feel free to contact me should you have any questions or concerns about this agenda item.

RW



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 2/12/14

FROM: Todd Prafke
City Administrator

RE: Benedictine Board of Directors Representative

ACTION/RECOMMENDATION

None needed. For your discussion only.

BACKGROUND

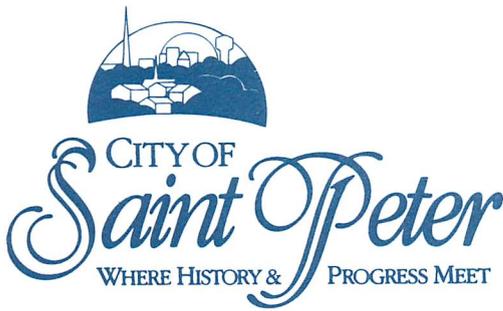
When the new Benedictine Health System (BHS) nursing home was developed, the City entered into a lease agreement with BHS that included a provision for the City to have a representative on the nursing home's board of directors. From the beginning the City representative has been Councilmember Pfeifer.

Although we haven't taken action to consider an alternate representative since the lease was first executed, at this time it is necessary for the Council to replace Councilmember Pfeifer.

Time has been included on the workshop agenda for Tuesday evening to consider who will replace Councilmember Pfeifer. Action for a formal appointment to the position will be scheduled at a regular City Council meeting.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/bal



Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 2/14/2014

FROM: Todd Prafke
City Administrator

RE: North Third Street/Old Minnesota Avenue

ACTION/RECOMMENDATION

None needed. For your information.

BACKGROUND

In May of last year, the Council took action to make improvements in the area of North Third Street behind St. Peter Motel, Lagers, and Cambria. Those improvements were done to meet a number of goals related to development that was planned to occur on the area we now commonly refer to as the North End Commercial District.

Members may recall concerns voiced by abutting property owners about placement of sidewalk, street width, access, and road alignment. The contract was developed that provided two separate segments and periods for work to be accomplished. This was done to keep the project on the timeline needed; keep it within our financial requirements; and to push decisions out so that other opportunities could be explored. The Council had also directed staff to work with two abutting property owners to review opportunities for a realignment of the Old Minnesota Avenue Roadway.

After a couple of in-person discussions and a number of letters to the property owner, discussion has stopped, so no change in that area is imminent. Therefore, the Council needs to take action to remove the alternate from the construction contract. According to the contract documents and Council resolution, the entire project (both the base and alternate work) was awarded to Douglas-Kerr on May 13, 2013. The contract allows the City to eliminate the alternate work from the project, but we must notify the contractor by March 11, 2014. If the contractor does not receive notice by March 11th, the terms of the contract would obligate Douglas-Keer to complete the remaining alternate work and for us to pay for that work.

Again, this timeline and this action were provided in the contract to allow an opportunity to investigate and work with those property owners. Since there seems to be no interest on their part, we can eliminate the work and reduce the overall cost of the contract. This will reduce the overall contract by slightly over \$200,000.

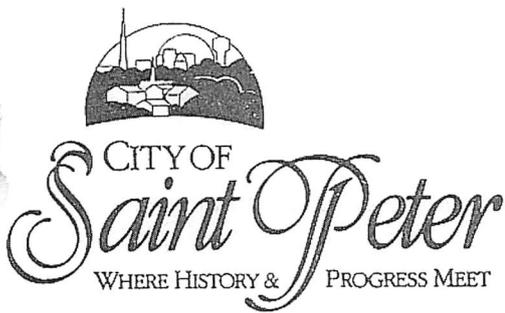
A copy of the memo from last May and an image of the area is provided for your additional understanding.

Work in that area, which includes the final lift of bituminous, sidewalk installation on Old Minnesota on the west side of the right-of-way approximately ten feet (10') in from the curb (as determined by the property owner), and a small number of other finishing work must be completed by the end of July. The contractor, Douglas-Kerr Underground, is aware of this timeline and is committed to complete the project on time.

No change to the alignment means the alternate should be eliminated and your next two Council meetings are the last opportunities for the Council to take that action.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal



Memorandum

TO: Todd Prafke
City Administrator

DATE: 05/08/13

FROM: Lewis Giesking
Director of Public Works

RE: 2013 North Third Street Improvement Project Bid Award

ACTION/RECOMMENDATION

Award the bid for the 2013 North Third Street Improvement Project to Douglas-Kerr Underground, LLC of Mora, Minnesota in the amount of \$895,813.84.

BACKGROUND

The 2013 North Third Street Improvement Project is being constructed to provide utility service for the new Shopko Development and improve North Third Street from Union Street to Old Minnesota Avenue. The utility work needs to be completed by mid-August to provide service to Shopko.

Six bids were received for the project as follows:

<u>Contractor</u>	<u>Base</u>	<u>Alternate</u>	<u>Total (Base + Alternate)</u>
Douglas-Kerr Underground, LLC	\$683,653.47	\$212,160.37	\$895,813.84
Dirt Merchant, Inc.	\$712,839.25	\$244,145.25	\$956,984.50
Minger Construction, Inc.	\$787,063.94	\$241,621.60	\$1,028,685.54
Northdale Construction Company, Inc.	\$793,998.47	\$262,366.82	\$1,056,365.29
OMG Midwest, Inc.	\$815,305.70	\$271,297.20	\$1,086,602.90
GM Contracting, Inc.	\$933,052.68	\$259,381.55	\$1,192,434.23
Engineer's Estimate	\$652,242.50	\$221,836.00	\$874,078.50

The low bid was within 2.5% of the Bolton and Menk, Inc. estimate for the project. The owner of the Douglas-Kerr Underground worked for another company in Saint Peter during construction of the North Industrial Park, which was a successful project. Other cities where Douglas-Kerr Underground, LLC has worked were contacted and indicated the company has successfully completed work for them.

FISCAL IMPACT:

This project would be funded by bond to be repaid utilizing tax increment financing.

ALTERNATIVES/VARIATIONS:

Do not act: Failure to act on the bid award could delay completion of the project and upset the schedule for the new development.

Negative Votes: Staff will await further City Council direction.

Modification of the Resolution: This is always an option of the Council; however, it could also delay the completion of the project.

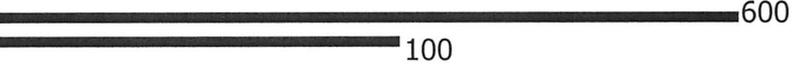
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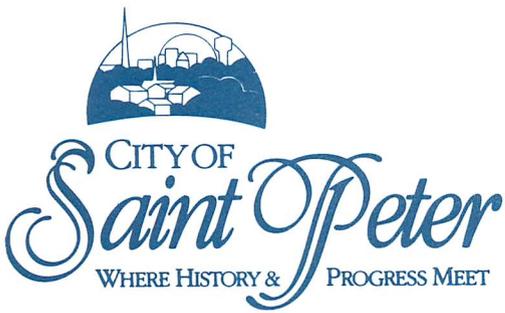
LGG/vwt



Google earth

feet
meters





Memorandum

TO: Honorable Mayor Strand
Members of the City Council

DATE: 2/11/14

FROM: Todd Prafke Lewis Giesking
City Administrator Director of Public Works

RE: Proposed Purchase of Electric All-Terrain Vehicle

ACTION/RECOMMENDATION

None needed. For your discussion only.

BACKGROUND

In 2001 the Ambassadors initiated a program of installing flower baskets throughout the downtown area with approximately 98 flower baskets being installed each summer. The City's involvement in the purchase, installation, and maintenance of the flower baskets has varied over the years, however in 2014 the City will be responsible for the entire program. Arrangements are being made for planting the baskets in a greenhouse to prepare for outdoor installation in late May.

As part of the program initiation in 2001, the Ambassadors donated a small Snapper all-terrain vehicle with a water tank for flower watering. Watering is normally done once a day, but on especially hot days the watering occurs twice. The vehicle has been an efficient way to access the ten foot (10') high flower baskets from the sidewalk using a long nozzle.

The vehicle is also used during community events sponsored by the Chamber with operation of the vehicles by both volunteers and City staff. The maintenance of the vehicle has been completed and funded by the City.

In preparation for the coming summer season, the City's Mechanic inspected the flower watering vehicle and discovered that the wheels on the axles are badly worn, there are no bearings, and there are no replacement parts. This Snapper vehicle is gas powered and has already had the engine and the transmission replaced in previous years. The wear parts on the vehicle are in poor condition and there is concern about whether the engine will last another season which led to the decision to start research into replacement of the vehicle.

One year ago, the City purchased two electric all-terrain vehicles which are used for park maintenance, weed control, and general maintenance activities. They are also used by the Recreation and Leisure Services Department for special events. The vehicles are very reliable and, with an overnight electric charge, are effective in providing service for a nine hour day.

Should the Snapper vehicle be replaced with an electric all-terrain vehicle, the City already has a small storage shed with an electric outlet at City Hall that can be used for storing and charging the new vehicle and staff recommends purchase of another electric all-terrain vehicle for watering the flower baskets to replace the existing vehicle. This would be an unbudgeted purchase.

The funding could come from a number of different sources including the 2014 Equipment Certificate, General Fund Reserves, and/or Environmental Fund Reserves. Staff recommends the purchase be funded by the equipment certificate, but funding could be from any of these sources as the Council wishes.

The Council has already authorized purchase of three major items funded by the 2014 Equipment Certificate and so far we are under budget by a total of approximately \$19,200 as shown on the following table:

<u>APPROVED BUDGET</u>	<u>ACTUAL PURCHASE PRICE</u>
\$57,000 - TRT Armored vehicle	\$55,712
\$200,000 - Street equipment	\$185,829
\$38,000 - Replace 1999 72" Toro mower	\$35,220
\$30,000 - Squad car	Still in process
\$26,000 - Turn out gear	Still in process/Grant funding
\$29,250 - Mechanic's service truck w/winch	Still in process
\$14,000 - Transit Bus	Still in process

The same all-terrain vehicle purchased last year is available through the State bid process and as part of the February 24th Council meeting, staff will be proposing purchase of a Polaris EV Ranger with a roll-bar, canopy, and windshield in the amount of \$10,631.94. The water tank and pump from the Snapper vehicle could be fitted to the new vehicle for a few hundred dollars. The vehicle would have a one year parts and labor warranty.

Please feel free to contact us should you have any questions or concerns on this agenda item.

TP/LGG/amg

Current Electric All-Terrain Vehicle

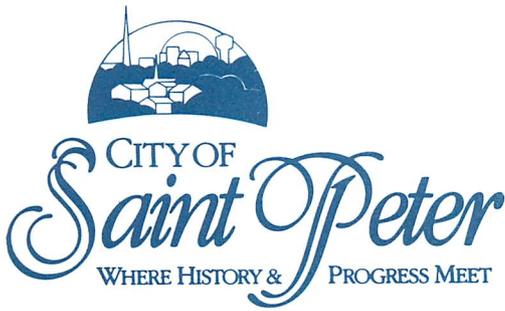


Current Electric All-Terrain Vehicle



Proposed Polaris EV Ranger





Memorandum

TO: Todd Prafke
City Administrator

DATE: February 7, 2014

FROM: Lewis Giesking
Director of Public Works

RE: Mower Replacement

ACTION/RECOMMENDATION

None needed. For discussion only.

BACKGROUND

The City owns and operates two Toro self-propelled mowers with six foot (6') mower decks and brooms. These mowers have been workhorses in the City's fleet of equipment, both for mowing in the summer and for snow removal in the winter. Over the years, Toro has been the preeminent supplier of these types of mowers for the industry. In recent years other manufacturers began supplying equipment that is both high quality and has diverse applications which compete with Toro. Toro has since stopped manufacturing this line of smaller commercial self-propelled mowers.

The City is responsible for mowing over 60 acres of park land and snow removal on over 115 lane miles of public sidewalks and trails. This work load will continue to grow as the City adds sidewalk, trails and park land. The Parks Section of the Public Works Department currently uses the following pieces of equipment for mowing and snow removal:

PURCHASE

<u>DATE</u>	<u>ITEM</u>	<u>FEATURES</u>
1999	(1) Toro19A 300 series	6' mowing deck, 5' broom for snow removal
2005	(1) Toro 580D	16' mowing deck, 8' broom for snow removal
2008	(1) Bobcat tool carrier	broom, snow blower
2008	(1) Ferris zero turn	72" mower
2010	(1) Bobcat tool carrier	broom, snow blower, mower deck for rough mowing
2010	(1) 1 ton pickup and sander	
2011	(1) 3/4 ton pickup	reversible snowplow
2011	(1) Toro 3280	6' mower deck, snow blower

With this equipment, the five member Parks crew struggles to keep up with the demands in the peak of the mowing season. Likewise, in the winter it is difficult to clean all of the sidewalks and trails which are City responsibility within 24 hours after a snowstorm as required in the City Code. Often the crew is unable to meet the deadline, particularly when there are strong winds

and/or a heavy snowfall. To meet the demands, it is imperative to have high quality equipment that requires low maintenance and is very efficient.

The Toro19A 300 series mower was purchased in 1999 and has 6,907 hours of operation. The mower has a history of major repairs as follows:

- June 2002 - engine overhaul at a cost of \$2,200
- October 2005 - replaced transmission assembly at a cost of \$4,087
- May 2007 - driveshaft and clutch assembly at a cost of \$2,500
- July 2007 - replaced axle assembly and U joint at a cost of \$2,116

The total cost of major repairs on this equipment has been \$10,903. This does not include the latest repairs done in early January with the replacement of the alternator and the left and right front wheel bearings. The rear axle is in such bad shape that the rear tires are wearing excessively and the estimated cost for this repair is \$1,500. The mower has served the City well considering it has accumulated an average of 460 hours of use per year. (Typically, a piece of equipment is considered to be heavily used if it is accumulating 400 hours of use per year.) Therefore, staff is proposing to replace the Toro19A 300 series mower.

The goal is to purchase a mower comparable to the 300 series Toro. The mower needs to have a tight turning radius which will allow for close mowing around trees and shrubs, mowing close to and following planter and playground borders, and mowing along curbs without dumping grass into the gutter. It is also desired to have a well built piece of equipment, providing for a long life and set up for minimal maintenance.

The two like options available through the State bid system include a Hustler 3700 and Jacobson 600.

The crew used a Hustler demonstration unit last summer and found that it is comparable to Toro 300 series mowers. The unit is well-built and does have features that improve maintenance such as a deck that flips up 90° while attached to the drive unit for mower maintenance. Currently the crew has to remove the deck, or block it up and use a creeper to get under the mower deck to service the mower. This is a safety hazard.

The unit is available through the State bid system at a cost of \$38,220. Bobcat of Mankato is the local dealer for this brand of equipment. They currently have a demonstration unit with 49 hours of use available on a first-come first-served basis for a \$3,000 reduction in cost.

Hustler 3700 demo tractor, includes

- 72" front mounted mower deck with mulching kit
- 60" rotary broom
- Rear-mount weight kit for balancing front equipment
- The tractor has a factory installed cab with heater and air conditioning
- Two year all parts and labor warranty

The second comparable mower on the State bid system is a Jacobson 600 Series, but it has 10 less horse power, no air conditioning, and no radio for a price of \$35,220.

If a replacement unit is purchased, staff would recommend the existing Toro unit 19A 300 series be declared surplus and offered for public sale through the Minnesota Department of

Administration online auction. It is estimated the sale value of the used unit will be in the range of \$1,000-\$2,000.

Funding in the amount of \$38,000 was included in the 2014 Equipment Certificate.

As part of the February 24th regular meeting, I will propose the purchase of the Hustler 3700. It will meet our financial goals, our use goals and I believe it is the better choice for the City's needs.

Please feel free to contact me should you have any questions or concerns about this agenda item.

LGG/amg

Toro 19A



Proposed Hustler

