

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
APRIL 18, 2019**

1. CALL TO ORDER

Mayor Rud called a special meeting of the Lonsdale City Council to order at 6:04 p.m. in the City Council Chambers, 415 Central Street West.

2. PLEDGE OF ALLEGIANCE

Everyone stood and recited the pledge of allegiance.

3. ROLL CALL

Members Present: Steve Cherney, Kevin Kodada, Tim Rud, Cindy Furrer and Scott Pelava

Members Absent: None

City Staff Present: City Administrator Joel Erickson

4. APPROVAL OF AGENDA

Mayor Rud asked if there were any additions, deletions or corrections to the agenda. A motion was made by Kodada and seconded by Cherney to approve the agenda as presented. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

5. APPROVAL OF MINUTES

None

6. PUBLIC HEARINGS

None

7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS

None

8. APPROVAL OF THE CONSENT AGENDA

None

9. OLD BUSINESS

None

10. NEW BUSINESS

a. Interviews of Companies for Construction, Ownership and Leaseback of a City Hall / Police Station to the City of Lonsdale

Erickson said the City's RFQ was sent to eight firms and four submitted proposals in response to the RFQ. Erickson said of the four firms, one declined to be part of the interview process.

Loeffler Construction & Consulting

Doug Loeffler and Garry Tupy were presented on behalf of Loeffler Construction & Consulting. Loeffler said they intend to focus on local subs, then those within a 30 mile radius of Lonsdale and then further than 30 miles. Loeffler said his firm focuses on facilities associated with parks, public safety and emergency management. He said his role is that of consulting as the owner's representative. Tupy said he has been involved more in commercial/industrial as of late compared to housing in the past. He said he understands housing and commercial, which this project has both. Loeffler reviewed in detail several public projects that he has been involved in. They said they would do preliminary design and manage the process in house to manage costs and to select subcontractors. Loeffler said they pre-qualify subs then select which ones to use. Loeffler said they use fix rate contracts with their subs to manage costs. Loeffler said information they would need from the City included: space programming info, a site selected and scheduling of on-going meetings. Loeffler said it would take between 8-12 weeks to design the building and 4 weeks to bid the project, which would fix a date of early September 2019 as a construction start date. Loeffler said the most difficult project of the 134 completed in the last 10 years, has been the recent remodeling an auditorium at the U of M, specifically the seating and the quality of them. Loeffler said the average price per square foot for institutional quality is between \$250.00 and \$265.00. He said his company can finance the project and lease it back to the City. He also said would be interested in being the general contractor if the City chooses a P3 funding mechanism. Loeffler said his company does not do "low bid" work, rather "best value" contracting. He said the reason the City should choose his company is because he believes he has the best site, they can deliver both housing and the city facility, Tupy has a history of building in Lonsdale and the proposed housing will be a feeder to the Villages of Lonsdale / retire community. Rud asked what the timing of the senior housing would be if the City did not select their site. Tupy said construction would not start this year and anticipates a 36 month build out. Rud said the City is not the U of M and does care about the cost of the project and getting the best value for the taxpayer. Rud asked what proposal would get the City the best value and timing of it. Loeffler said the first quarter of 2020 would be the best time to bid the project in 2020 but expects prices at that time to be higher than the fourth quarter of 2018.

LS Black Constructors

Representatives of LS Black and Kodet introduced themselves. Black said the firm was established in 1977 and that public projects are their "bread and butter". He said LS Black is not just a design build company, they are Design Build Institute certified and they solve problems as a team and do not point finger for blame. Black said they believe in public private partnerships (P3's) and this is not the biggest project but will give its lots of attention. Nagel introduced herself and Kodet. She said they specialize in schools and have been in business since 1983. Rud said giving local subs the opportunity to bid on the project is a big deal to the City. Davis said they do not want to exclude any contractor from bidding on the project. Black said in regards to the scope of the project, they would have a kick-off meeting to detail what everyone would like to see in the project and periodically meet to track the project and make sure it is on schedule. Nagel said early on, meetings would take place every two weeks to determine materials, cost per square foot and get input from decision makers and those that are going to use the building. Black said the most difficult project they have been involved with recently was a

Naval facility in Portsmouth, NH because of logistics, east coast subs, traffic, the ocean, etc. He said the issues, which they owned were resolved to the owners satisfaction. He said a more local example was increasing the size of Robert Kraft's suite at Super Bowl 51 at US Bank Stadium on time, with short notice. Mayor Rud asked what their typical project cost per square foot has recently been. Davis said the Fridley sports facility was \$230/sq.ft. but in Lonsdale, they expect to see about \$150/sq.ft. Rud said the City expects a nice and efficient facility but not extravagant. Rud asked if they had a preference/thoughts on the type of materials to use on the project such as stick frame, block or concrete panels. Black said stick frame would be the least expensive, could utilize cross laminate timbers, poured wall with insulation or pre-cast panels. Rud asked what they thought was the most idea bidding timeline. Nagel said she does not see the project utilizing one single material, rather a combination of materials. Black provided information on their proposed idea of P3 financing to lower the cost of borrowing money compared to the builder obtaining conventional financing. Rud asked if LS Black has the financial wherewithal to lease back the facility to the City. Black replied yes, no problem. Black said they should be selected because they are built on collaboration/innovation, they have a passion for design build and are not just a company that does it. Black asked the City Council why they selected this process to construct the facility. Rud said the Police need a new facility, moral of staff, public safety, city hall is crowded and the City is growing. Black asked specifically about leasing the facility. Rud said to keep the tax impact the least as possible. Cherney added that the City's Comprehensive Plan indicates a new PD is needed and it is recommended to construct it in conjunction with another facility to maximize space needs.

Appro Development, Inc. & CERRON Commercial Properties, LLC

Jack Matasosky introduced himself and summarized his company. He said they have not been involved with the construction of a City Hall/Police Station but have done lots of retail, industrial and banks. Matasosky said they involve owners/tenants in the bidding process and get them involved early on. He said his company is a design build company and they bid each phase of the project early on so if there are surprises with the bids, they are known upfront and can be dealt with then, not later on in the project. Matasosky said to manage costs, they have an "open book" policy and show the owner/tenant the bids received, which creates trust. He said a plan for growth would need to be obtained from the City so future needs can be incorporated into the design of the facility. He said it would be between four and six weeks for the site plan and growth plan to be created. He said it would take about three weeks to obtain pricing and other preliminary information. Rud asked how the pricing would compare between the fourth quarter of 2019 and the first quarter of 2020. Matasosky said prices would be cheaper in the fourth quarter of 2019 for a 2020 construction start. Matasosky recommended site improvements be done during the fall of 2019 with construction of the building beginning in the spring of 2020. Rud asked how they would incorporate local contractors into the project. Matasosky said they would use local contractors but they would need to be pre-qualified with insurance, work comp., etc. Rud said the City wants local contractors to at least be able to bid on the project. Matasosky said local contractors will be able to bid on the project and they might create a new relationship for future work. Matasosky commented on average square foot costs based on different types of uses. Rud asked what types of materials should be incorporated into the project. Matasosky said his company is not interested in proceeding with the project if it is stick built. He said from an investment perspective, they would use pre-cast panels, block, brick or stucco. He said the building needs to be designed to be flexible for future uses should the City terminate the lease. Rud asked

Matasosky if his company was interested in and has the financial wherewithal to lease the facility to the City. Matasosky replied yes. Cherney asked Matasosky if he would continue to be involved in the project. Matasosky replied yes, he still likes to visit job sites on a regular basis. Rud asked what he thought the square foot cost would be for the project. Matasosky said between \$165.00 and \$245.00 but that all depends on the finishes selected. Pelava said the City is more concerned about the size of the project and it does not have to be stick frame construction. Matasosky said stick frame construction is typically \$150.00/sq.ft. and the price increases for tip up panels, block, etc. He said it is important for the facility to be flexible to change and adapt as needs change in the future. Matasosky said he and his team have enjoyed working in town and with staff on prior projects and Lonsdale has lots of potential in the future.

The City Council held general discussion on the topic. Rud asked what the useful life of the building should be. Cherney said it should be 25-50, closer to 50 with expansion. Kodada said the stick frame construction proposed is not the same as a house and should include masonry, red-iron (mixed materials). Pelava said exterior finishes can be added to tip up concrete panels. Furrer said a combination of materials should be used. She asked if the site was large enough to accommodate future space/parking needs. Rud said the land is the next decision that needs to be made. Cherney said he likes to propose site because it will create a campus feel with the City facility, active senior housing and senior housing with care provided. He said he also likes the access the site has to 8th Ave NE and Highway 19. Cherney and Kodada said they were in favor of the proposed site. Furrer asked about the proposed improvements to 8th Ave NE and Highway 19. Erickson said MnDoT is proposing to at a minimum extend the east/west turn lanes to also act as bypass lanes. He said he understands the City Council's desire for a long term and permanent solution such as a roundabout, which is what staff has told MnDoT is the desired design. Pelava said if there are concerns about the amount of land, the City should negotiate for more. Kodada suggested looking at area city halls and police stations and the amount of land they were built on. A motion was made by Pelava and seconded by Cherney to authorize staff to negotiate the sales price of at least 2.20 acres and the land be developed in 2019 and the construction of the building begin in 2020 so the project is not rushed. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

11. OTHER BUSINESS

a. City Staff Reports

None

b. City Council Reports

None

12. ADJOURNMENT

A motion was made by Kodada and seconded by Pelava to adjourn the meeting. Vote for: Cherney, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 7:57 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator