



ITEM REPORT UTILITIES COMMISSION

Agenda Date: 10/7/2026
Agenda Section: Information Only

Department Origination: Public Works

Agenda Item: 2026 Mill & Overlay Improvements Project Monthly Update

Approval Required: No Action Required

BACKGROUND

City Council awarded the project to Anderson Brothers Construction Company of Brainerd at the June 2nd Council Meeting. The Contract documents have been fully executed. The preconstruction meeting was held on July 2nd and a construction open house was held on July 30th.

Exploratory excavations have been completed in the Timberlane neighborhood and the watermain fittings have been found to be ductile iron. No watermain or hydrant replacements are required in the Timberlane Neighborhood. Between these two items, the project budget has been reduced by \$89,733. Hydrants were able to be fully restored in the Cherrywood Neighborhood which added \$18,828 back to the project budget. The exploratory excavations have not been completed on Cherrywood Drive. Plastic watermain tees are anticipated in the Cherrywood area.

The contractor has completed final paving and shouldering in the Mississippi Meadows neighborhood and Timberlane Neighborhood. A punch list walk through was completed in the Mississippi Meadows Neighborhood on September 11th and a walk through was completed in the Timberlane neighborhood on September 30th. Anderson Brothers has been working on the punch list items and is anticipated to be completed in the next couple weeks pending weather. The recent rains have caused some washing of the seeding and Anderson Brothers has been restoring those areas as needed.

Cherrywood Drive has been put on hold. At the September 21st special Council meeting, the City Council provided consensus on moving forward with postponing the Cherrywood Drive portion of the project. City staff would like to update the City Council on the recent developments of the 2026 Mill & Overlay Improvements Project. Construction activities are progressing and nearly completed in the Mississippi Meadows and Timberlane Drive areas. The initial delay in the project is that City Staff and Widseth have been working on obtaining temporary and permanent easements for the Cherrywood Drive storm sewer. The residents that the city is obtaining easements from do not have a problem with the proposed work. Three of the five easements have been completed. The delay is with the last two easements, as we are working with the mortgage companies to obtain mortgage consent. The mortgage companies are difficult to work with, and it is taking far longer than anticipated. To avoid going to condemnation, City staff are continuing to coordinate with the mortgage companies to complete the required paperwork. The work on Cherrywood Drive has not started because we are waiting for the easements.

The other item related to the project is the passing of Al DeChantal. DeChantal Excavating is a subcontractor on the project and is focused on the undergrounds work items. This includes coordinating the directional drilling of the storm sewer pipe, the watermain exploratory excavations and any watermain repairs that may be required. To provide DeChantal Excavating some flexibility to complete the work in the area they have already started, City staff is recommending the work associated with Cherrywood Drive be moved to 2027. This would provide City staff with additional time to complete the final easement documents and allow DeChantal Excavating to finish their other work already in progress.

Widseth and Anderson Brothers have been reviewing the impacts to the project associated with pushing the Cherrywood work to 2027. Anderson Brothers reached out to the subcontractors and was able to put together additional costs such as mobilization, labor cost increase, and other costs to complete the work in 2027. The total estimated impact on the project budget would be approximately \$15,000.

Widseth and Anderson Brothers are still working on the finer details of the costs and will bring change orders to the Utility Commission in November for the 2027 items.

Change Order #1

The \$38,718.60 change order increases the total contract price from \$1,215,289.64 to \$1,254,008.24. The overall project budget was \$1,664,146.56 which was set at the assessment hearing. The project budget is currently \$1,545,370.53. This leaves \$118,776.03 remaining in the project budget. The table below breaks down of the change orders, estimated change order, current expenditures to date and the final projected project cost.

Budget Line Item	Project Budget	Added / Modified Items	Current Expenditures	Projected Final
Construction:	\$1,215,289.64		\$33,768.19	\$1,123,028.32
Change Order 1:		\$38,718.60		\$38,718.60
Contingencies	\$60,764.48			
Engineering	\$279,455.00		\$188,602.00	\$279,455.00
Bonding, Finance Admin., Mics.	\$108,637.44			\$104,168.61
Total	\$1,664,146.56	\$38,718.60	\$222,370.19	\$1,545,370.53

Widseth is working with Anderson Brothers on a possible Change Order #2. This Change Order is related to pushing the Work on Cherrywood Drive to 2027. This Change order is currently estimated at \$15,000. This would reduce the remaining project budget to approximately \$103,776.

Pay Estimate No. 2

The work in this pay period consisted of milling in the Mississippi Meadows neighborhood and the Timberlane Area, paving and shouldering the Mississippi Meadows neighborhood, and some of the work associated with Change Order #1. The work detailed above results in a payment of \$366,340.13. To date, the Contractor has earned \$421,166.65 to date which represents 33.6% contract value. The retainage is 5% of the amount earned to date \$21,058.33 and with previous payments totaling \$33,768.19 results in a total payment of \$366,340.13.

The final item is removing the assessment from Parcel 40240554. During the initial preparation of the report in the summer of 2025, Parcel 40240554 was a vacant corner parcel. Based on the City's assessment practices for the vacant corner parcels, the parcel is assessed based on the roadway abutting the short side of the parcel. If a corner parcel is occupied and has an address, it is assessed based on the road they are addressed to. Parcel 40240544 was understood to be vacant and the short side of the property abutting Marble Road, the parcel was included in the 2026 Project.

In 2025, a building permit was pulled by the builder for Parcel 40240554 and the property was purchased by the current owner in December of 2025. The property owner did get all notices for the required hearings. The Improvement Hearing was held on March 5th, 2026, and the Assessment Hearing was held on May 28th, 2026.

The property is currently addressed off Knotty Pine Drive. This portion of Knotty Pine is not included in project 4426. To be consistent with the current assessment practices, this parcel should be removed from the 4426 Assessment Roll and assessed according to its current address when that section of roadway is improved.

To prevent this in the future, City staff will send the contracted project engineer the building permits pulled within the project areas.

FINANCIAL IMPLICATIONS

STAFF RECOMMENDATIONS

COUNCIL ACTION REQUESTED