



**ITEM REPORT
UTILITIES COMMISSION**

Agenda Date: 6/3/2026
Agenda Section: Information Only

Department Origination: Public Works

Agenda Item: 2025 Design Road & TH 371 Stormwater Improvements Project Monthly Update

Approval Required: No Action Required

BACKGROUND

The project reached substantial completion as of October 24th, 2025. The contractor has completed all the required planned items. A punch list walk through was conducted on October 22nd. A majority of the punch list items were completed in the fall of 2025. There were a few items that remained to be addressed the spring of 2026. This spring, Ferche’s crew came to the site to clean up the site, touch up the black dirt, and reseed area that were either repaired or did not grow due to the winter salting. Due to the dry spring, the City has elected to compensate the contractor for the water used to establish growth. We have found this is the most effective way to establish growth for a very low cost. Additionally, due to the dry spring and Change Order #4 not being completed, Change Order #3 is up for consideration to extend the Final Completion date. Widseth has been working with MnDOT and JR Ferche on Change Order #4. JR Ferche has submitted an adjusted change order and it is under review by MnDOT. City Staff and Widseth will review the Change Order to determine if it will be brought back through the Utility Commission for review. This is the same Change Order the Utility Commission reviewed in October of 2025. With the edits requested of JR Ferche, it would potentially bring down the Change Order cost. The items being reviewed are the following.

1. Equipment rates are too high.
2. Labor rates are too high.
3. Material costs are hard to follow in the invoicing.
4. Support equipment idle time should not be paid.
5. Miscellaneous items such as rags, tape , cleaners, nuts and bolts etc... should not be paid.

Partial Pay Estimate No. 6:

The work in this pay period consisted of Nelson Sanitation Televising the Lakes Dental Sewer Service, touching up the black dirt, reseed area that were either repaired or did not grow due to the winter salting and the release of a portion of the retainage. The work detailed above results in a payment of \$93,699.37.

The Contractor has earned \$2,599,387.55 to date which represents 99.6% contract value. The retainage has been reduced to 150% of the remaining work to be completed. This equates to \$40,383.00 being retained and \$90,111.01 being released. Taking the amount earned, the released retainage and previous payment of \$2,465,305.18, this results in a total payment of \$93,699.37.

PARTIAL PAY ESTIMATE	PAYMENT
PAY ESTIMATE 1	\$292,603.86
PAY ESTIMATE 2	\$1,487,849.72
PAY ESTIMATE 3	\$652,852.10
PAY ESTIMATE 4	\$10,473.00
PAY ESTIMATE 5	\$21,526.50
PAY ESTIMATE 6	\$93,699.37
TOTAL	\$2,599,004.55

Budget Update

The current project budget is \$3,589,186.15. The table below breaks down of the change orders, current expenditures to date and the final projected project cost.

Budget Line Item	Project Budget	Added / Modified Items	Current Expenditures	Projected Final
Construction:	\$2,537,715.40		\$2,466,516.75	\$2,524,810.75
Change Order 1:		\$72,166.00	\$92,487.80	\$92,487.80
Change Order 2:		\$0.00		\$0.00
Change Order 3:		\$0.00		\$0.00
Change Order 4:		\$224,358.52		\$224,358.52
Reimbursement:		(\$6,546.96)		(\$6,546.96)
Contingencies	\$126,885.77			
Engineering	\$717,744.00		\$544,118.36	\$717,744.00
Bonding, Finance Admin., Mics.	\$206,840.98			\$210,382.10
Total	\$3,589,186.15	\$289,977.56	\$3,103,122.91	\$3,763,236.21

Based on the above projected final project cost, the project is approximately \$174,050.06 over budget. Change order #4 is currently estimated to be \$224,358.52, \$6,546.96 will be reimbursed by Widseth due to a design error, \$72,870.63 of which is additional City cost and \$144,940.93 of eligible items to be paid with federal funds. Change Order #4 is still under review by MNDOT and has not been officially approved. Widseth reviewed the quantities to date with the Contractor and all outstanding items have been paid. The contractor will not be requesting any more quantities of items completed in 2025 for payment. The projected final project cost includes additional watering only as the contractor has completed the seeding in the spring which was less than anticipated. The final project cost is also dependent on the Engineering Fees. Widseth is tracking to be under budget, however the project still has many items that need to be completed as part of the Federal process. Widseth will continue to monitor and estimate the Engineering costs as the project continues.

Change Order No. 3

Due to turf establishment not meeting the project requirements and Change Order #4 not being approved, the Final Completion Date will not be met. The Contractor and Project Engineer are requesting the final completion date be moved to October 30th, 2026. By moving the Final Completion date this far, it allows for additional time to establish growth and to resolve the final Change Order. This change Order has been approved by MnDOT

FINANCIAL IMPLICATIONS

STAFF RECOMMENDATIONS

COUNCIL ACTION REQUESTED