

TO: Mayor and City Council  
FROM: David Chanski, City Administrator/Clerk  
RE: City Hall Expansion & Remodel Bid  
DATE: July 18, 2024

---



### **Background**

During the City Council meeting on April 1, the City Council executed a contract with Widseth to have the final designs and construction documents for a remodel & expansion of City Hall completed and then submitted to Hy-Tec Construction for bid using the eziQC process through Sourcewell, which is administered by Gordian.

Staff worked meticulously with Widseth throughout the months of April and May, and the final construction documents were issued to Hy-Tec Construction on May 31.

### **Hy-Tec Construction's Bid**

As listed in the attached bid document, the project bid from Hy-Tec Construction is \$2,950,000. This bid is NOT TO EXCEED and includes all labor and materials to construct a "turnkey" project.

### **Project Changes**

During the bid process, staff and Widseth met with Hy-Tec on multiple occasions to review how quotes were coming in from subcontractors and where the overall project cost was at. When the majority of quotes came in, the initial cost of the project was almost \$3.4 million. Project Manager Andy Pickar with Hy-Tec was later able to lower that number to approximately \$3.2 million after working with subcontractors to solidify their quotes.

As a result of the project coming in much higher than anticipated, staff and Widseth went back to the drawing board to identify any areas of the project that could be cut back. The most significant changes that were made include:

- The ceiling and lighting in the lobby was reduced from a vaulted ceiling with decorative lighting to a simple drop ceiling.
- The front desk in the lobby was changed from stone to laminate.
- The expansion of the existing bathrooms was removed and replaced with a simple remodel of the existing spaces as single-use bathrooms.
- The new east entrance facing the park was reduced from a double door entry to a single door entry.
- The wood accent wall in the Council Chambers was removed and replaced with a painted accent wall.

- The audio/visual package was reduced to use the existing system to the fullest extent possible.
- The snow melt system, which was to be located at the entrance of the lobby, was removed.
- The decorative trusses on the exterior of the new entrance were removed.
- The exterior stone face and illuminated letters on the west side of the building were removed.
- The “face lift” of the City Hall sign was removed and replaced with a simple paint job to match the new exterior of the building.
- Some curb and gutter work around the parking lot entrances was removed.
- While connections for a backup generator were maintained, the generator itself was removed.

After the removal of these items, no further “fat” could be identified. Any further effort to reduce the cost of construction would require a reduction in the physical scope of the project (i.e. reduction in space).

**Project Funding**

As of June 30, the estimated end-of-year (EOY) Capital Fund and Debt Service Fund balances are expected to be approximately \$5.12 million.

Capital Fund and Debt Service Fund as of 6.30.24	
Current Capital Fund Balance	\$ 2,990,086.43
Current Debt Service Fund Balance	\$ 303,581.79
Anticipated 2024 Capital Revenue	\$ 1,268,600.00
Anticipated Fire Truck Reimbursement	\$ 1,409,470.00
Anticipated Remaining 2024 Expenditures	\$ 850,000.00
Est EOY Balance	\$ 5,121,738.22

As presented during the City Council Workshop on June 17, the City also has the ability to bond approximately \$5.8 million using existing levy dollars.

Current Est. Bonding Capacity	
Existing Payment Source	Est. Bond Proceeds
\$230,000 Capital Transfer	\$ 2,350,850.00
\$342,000 Capital Transfer	\$ 3,459,500.00
Total Est. Bond Capacity	\$ 5,810,350.00

**Project Payment Options**

There are essentially two paths for paying for this project should the City Council decide to move forward with construction. The project can either be bonded for or paid for with cash-on-hand.

If the project is entirely bonded for, the City would retain its estimated EOY capital and debt service fund balances while still having approximately \$2.86 million in remaining bonding capacity.

Bonding	
Project	Est Cost
City Hall Remodel & Expansion	\$ 2,950,000.00
Est. Available Bonding Capacity	\$ 5,810,350.00
Remaining Bonding Capacity after City Hall	\$ 2,860,350.00
Available Capital Funds & Debt Service Funds	\$ 5,121,738.22
Remaining Funding for Future Projects	\$ 7,982,088.22

If the project is paid for with cash-on-hand, the City would still have approximately \$2.12 million in capital fund balances as well as the \$572,000 in levy funds to either support future bonds or to help fund the draft Equipment CIP or future Streets CIP.

Cash Payment	
Project	Est Cost
City Hall Remodel & Expansion	\$ 2,950,000.00
Available Capital Funds & Debt Service Funds	\$ 5,121,738.22
Remaining Capital Fund Balance	\$ 2,171,738.22
Available Levy Funds for Future Debt/Capital	\$ 572,000.00

**Council Action**

The City Council needs to decide whether to accept the not-to-exceed bid of \$2,950,000 for the City Hall Remodel & Expansion from Hy-Tec Construction and, if accepted, whether to begin the bonding process or to proceed with paying for the project with cash-on-hand.