



CITY COUNCIL MEETING

AGENDA SECTION	ITEMS FOR CONSIDERATION
MEETING DATE	OCTOBER 26, 2026

ITEM:	Resolution 2026-072, a Resolution Awarding Contract for the Outstanding Scope of the 2025 Concrete Alley Construction Project (City Project 2506) to Goodmanson Construction, Inc.		
<i>Presenting Item: Kelly Monahan, Assistant City Engineer</i>			
DEPARTMENT: Engineering		BY/DATE: Kelly Monahan / October 20, 2026	
CORE CITY STRATEGIES: <i>(please indicate areas that apply by adding an "X" in front of the selected text below)</i>			
☐ Community that Grows with Purpose and Equity		☐ Engaged, Effective and Forward-Thinking	
☒ High Quality Public Spaces		☐ Resilient and Prosperous Economy	
☐ Safe, Accessible and Built for Everyone		☐ Inclusive and Connected Community	

BACKGROUND

The 2025 Concrete Alley Construction project was originally awarded to Equity Builders & Construction Services, Inc. of Rosemount, Minnesota (hereinafter referred to as Equity Builders) in the amount of \$1,072,501 through the M.S. 475.345 competitive bidding process. Goodmanson Construction, Inc. was hired as a first-tier subcontractor to perform a substantial portion of the original contract work. Before reaching project substantial completion, Equity Builders ceased both project and business operations and has since been debarred from further governmental contracting.

On February 13, 2026, the City was issued a formal demand to freeze payment of contract funds to Equity Builders by the legal representation of Equity Builder's payment and performance bond issuer, Old Republic Surety Company. Prior to the payment freeze, the City had paid Equity Builders \$804,389.97 through P.O. Number 25-2020 (totaling \$990,780.06) for completed work. The remainder of Equity Builders' contract funds are \$145,344.12 of frozen payment plus an additional \$41,045.79 that was withheld as retainage for warranty claims.

A formal 'Notice of Outstanding Punch List Items Requiring Correction and Completion' accompanied by a report of all known incomplete and nonconforming work was submitted to Equity Builders on July 23, 2026 by Rochelle Widmer, City Engineer. No response to this formal notice was received by the 10-day deadline of July 27, 2026. Scott Lepak, City Attorney, formally notified Old Republic Surety Company that the City is considering declaring a Contractor Default on September 21, 2026. As of October 21, 2026, the City has not been made aware of any response from Old Republic Surety Company.

SUMMARY OF CURRENT STATUS

The remaining project scope includes incomplete work and nonconforming warranty claims, including (but not limited to) replacing a demolished retaining wall, installing missing asphalt and concrete pavements and pads, addressing sunken asphalt patches, reinstalling a sunken paver driveway, sealing concrete cracks, correcting localized drainage issues, and restoration earthwork and turf establishment. The Engineering Department's

goal is to complete as much of this outstanding scope as possible before the end of the 2026 construction season at the onset of winter conditions.

As a first-tier subcontractor, Goodmanson Construction, Inc. is uniquely familiar with the project. They have proposed to furnish the materials and perform the labor necessary for the completion of the project for \$148,850. They are prepared to mobilize crews as soon as November 2, 2026 to maximize our opportunity to complete this project, correct nonconformances, and address resident concerns in as timely a manner as possible.

STAFF RECOMMENDATION

Staff recommend awarding the outstanding scope of the 2025 Concrete Alley Construction project to first-tier subcontractor Goodmanson Construction, Inc. for the proposed price of \$148,850, to be paid from the remainder of Equity Builders' contract value. Additional funds can also be made available through their performance bond, if necessary.

RECOMMENDED MOTION(S):
MOTION: Move to award the outstanding scope of the 2025 Concrete Alley Construction Project (City Project 2506) to Goodmanson Construction, Inc. for an estimated cost of \$148,850, to be paid from the remainder of Equity Builders' 2025 Concrete Alley Construction Project contract funds (P.O. Number 25-2020) and Equity Builders' performance bond.

ATTACHMENT(S)

- Resolution 2026-072
- Notice Demanding the City Freeze Payment
- P.O. 25-2020 and Invoice History
- Notice of Outstanding Punch List Items
- Notice of City Considering Declaring Contractor Default
- Goodmanson Proposal