

EUREKA TOWNSHIP

**DAKOTA COUNTY
STATE OF MINNESOTA**

SPECIAL TOWN BOARD MEETING OF JUNE 29, 2020

Due to the Peacetime Emergency and social distancing guidelines, the Town Board Chair has determined it is not practical or prudent to conduct an in-person meeting. Accordingly, under Minnesota Statute section 13D.021, the following meetings shall be conducted entirely through teleconferencing or other electronic means.

Call to Order

The Eureka Township Special Town Board meeting was called to order, via Zoom Meetings, at 7:00 p.m. by Chair Donovan Palmquist.

Supervisors Present: Donovan Palmquist, Tim Murphy, Lu Barfknecht, Ralph Fredlund and Mark Ceminsky.

Others Present: Ranee Solis (Town Clerk), Chad Lemmons (Town Attorney), Charles Hansen (Hansen's Services), Bryce Otte (Otte Excavating), TJ Grossman (Grossman Companies), Julie Larson, Nancy Sauber, Bill Clancy, Carol Cooper, Colleen Riley, Brian Ahern and Georgie Molitor.

Approval of the Agenda

The following changes were made to the agenda:

1. Remove HR Safety concerns from the agenda and place it on the July 13th meeting agenda.

Motion: Chair Palmquist moved to approve the agenda as amended, seconded by Supervisor Fredlund. A roll call vote was taken: Donovan Palmquist – Aye; Tim Murphy – Aye; Ralph Fredlund – Aye; Lu Barfknecht – Aye; Mark Ceminsky – Aye. *Motion carried 5-0.*

Review of Road Maintenance bids

Chair Palmquist began discussion by reading the following statement:

Cost control: Together, going forward, we all need to be cooperative and seek facts that will provide our citizens with the biggest bang for their buck. Despite hard work and good intentions, we have seen our annual expenditures grow beyond what citizens expect or can tolerate financially. The only finger pointing by any of us should be at all of us. Going forward we cannot, and will not, do the same thing over and over expecting better results. We cannot simply approve expenditures after the fact, from a proper accounting controls view point, without proactively minimizing and controlling costs.

Results matter: The actual annual expenditures in 2018, 2019 and forecast for 2020 indicate we must change and improve. Because roads are by far our biggest expenditure area, we are focused on achieving whatever percentage of savings possible for the largest impact possible.

Benchmarking: We have begun and will focus on understanding the facts about our roads and road costs, versus other neighboring townships, by gathering and analyzing data and facts. Questions we might ask are how much do other townships spend in total, how many miles to maintain, costs per mile, etc.

Best practices: How do other townships successfully manage their road costs? By themselves or by tapping into outside expertise? At what cost and resulting in what savings? Cost control, results matter, benchmarking and best practices are all terms used daily in running businesses today. They must become our standard for running the business entrusted to us by Eureka Township. Chair Palmquist opened the discussion on the bids received.

Supervisor Ceminsky addressed best practices, stating that no town board members are certified by the State to do that. He added that since the RFP asked for sealed bids, the Board needs to follow the statute which states that it must be awarded to the lowest sealed bid unless they are not qualified, and then we need to spell out why they're not qualified.

Vice Chair Murphy commented that he is not sure that lowest responsible bidder is necessarily the lowest bid per hour. Chair Palmquist agreed that the hourly rate does not indicate the actual total cost of the contract.

Supervisor Barfknecht reminded that in a previous meeting, Attorney Lemmons concurred that lowest responsible bidder does not necessarily mean by dollar per hour, that there are a lot of other factors. Attorney Lemmons agreed that the lowest price is not necessarily the lowest responsible bidder.

Supervisor Ceminsky pointed out that Minnesota statute 16C.285 Responsible Contractor Requirements provides minimum criteria for selecting a contractor. Chair Palmquist noted that a list of hourly rates for each piece of equipment, alone, does not provide the necessary information to make a determination. In researching the Township's road costs for the past two years, it is apparent that the Board needs to develop a clear way of determining the work that gets done. It is our responsibility, as a Board, to come up with a solution to this. One recommendation would be to hire a part-time, experienced road superintendent to act as the liaison between the Board and the road contractor. The road superintendent would oversee and prioritize the work that is done in the township in conjunction with the annual road budget. All other townships who are saving money on the roads use a road superintendent to keep their costs down.

Bryce Otte pointed out that he had been grading the roads as dictated by the Eureka grading schedule until Supervisor Ceminsky cut them back from 40 hours per week to 30 hours per week. Chair Palmquist replied that he has not seen this schedule, and if there is one, we need to re-evaluate it or go to a different system. Supervisor Barfknecht added that the Board has discussed several times with the road supervisors that there was not to be a grading schedule. In addition, she does not recall any discussion of the number of hours that were approved on roads. Supervisor Ceminsky responded that the grading schedule was provided to Otte's by a prior Board, and he did not approve any hours.

The Board posed their questions to the bidders:

Hansen's Services

1. What years of experience does your company have servicing municipal roads in total, and can you detail your response by city or township: (Donovan Palmquist)

I have replaced culverts in Scott County, New Market Township and Rice County. I have not graded a county road or township road. I have graded numerous parking lots and blacktopped them: Celebration church, Metro Auto Salvage, IEC at Airlake Industrial Park and Mankato State parking lot for John Friedges. I have been in the excavating business for over 40 years: moving dirt, building houses, building pole sheds, putting in driveways and digging ponds.

2. What procedures and/or best practices have you used successfully in your business and to what benefit might they be applicable to Eureka Township? (Donovan Palmquist)

I only bill by the hour for the hours my machine runs, not the hours that I am there. I perform all of these responsibilities in a timely fashion. I prefer to get change orders in writing so that everyone knows exactly what was done,

3. Regarding cost control, how can our township work with you, short and long term, to reduce your costs instead of your margin being a price negotiation? How do we take the cost out for both of us? (Donovan Palmquist)

The easiest way is to come up with an efficient plan on where the roads need to be graded, ditch clean out, tree removal, come up with a clear-cut plan so everyone is on the same page, and get it done in a timely fashion. I'm a local contractor, when I turn out the end of my driveway, I am in Eureka Township.

4. How much of the equipment shown in your proposal do you own vs how much do you lease? (Donovan Palmquist)

I don't lease any equipment; I own everything that is listed. If additional equipment is needed, it can be leased from South Metro Rental, Ziegler or Sun Belt. There is not a company that I cannot lease from.

5. How many employees do you have? (Donovan Palmquist)

I am a one-man operation. If I need part-time help, I hire from the labor pool.

6. What are your thoughts on Donovan's suggestion about a road superintendent? (Tim Murphy)

I'm not against that, I don't think it's a bad idea. You have to have somebody who is familiar with the roads that can keep an eye on which roads need to be maintained better and which roads need to have lifts put on them. You have to have somebody who has that knowledge besides the contractor. The contractor is always going to get thrown under the bus if he comes in with a list saying this road needs to be done because he's in there soliciting business. Personally, as a contractor, I would be open to any type of direction given by the township but it has to be in writing. It's hard for a contractor to come to the township and say this road needs a lift. Because you're always going to have that finger pointing of, he's just looking to create more work for himself.

7. Do you perform all maintenance of your equipment yourself? (Lu Barfknecht)

I do all of the maintenance unless it is something major. Then I'll either take it to Larson's Equipment down in Northfield, or to Titan in Savage/Shakopee. Otherwise, the regular maintenance, oil changes, cutting edge changes, I do that all myself.

8. *For snow removal, if you have a breakdown, what is your backup plan? (Lu Barfknecht)*
If I have any equipment that breaks down, I will rent or lease a piece of equipment to keep the project moving.

9. *How long do you anticipate it takes to remove a 5" snowfall in the entire township, from start to finish? (Lu Barfknecht)*

That all depends on what the snow conditions are. If it is a heavy, wet snow or light, fluffy snow or if the wind is blowing. There are a lot of variables. I would start on snow removal as soon as the snow fall ended and stay on it until it is done. This would be the only township I would have to remove snow on.

Grossman Companies

1. *What years of experience does your company have servicing municipal roads in total, and can you detail your response by city or township? (Donovan Palmquist)*

I currently take care of Waterford Township as of last November, and Greenvale Township for the fourth year. My other company will be doing 14 miles of road reconstruction this year: rebuilding the core and rebuilding the ditches. I have been in the business for almost twenty years. I was president of Northland Paving where we built roads and parking lots.

2. *What procedures and/or best practices have you used successfully in your business and to what benefit might they be applicable to Eureka Township? (Donovan Palmquist)*

The number of years of experience. I've spent my whole life in this business. We've been followed by inspectors, so everything we do has been certified inspected by another party.

3. *Regarding cost control, how can our township work with you, short and long term, to reduce your costs instead of your margin being a price negotiation? How do we take the cost out for both of us? (Donovan Palmquist)*

The two townships I work with now, Waterford and Greenvale, both have road superintendents. I do not touch the road unless we're communicating. Sometimes in winter, when it's obvious, I don't speak with them. But as far as grading roads, they tell us when to go out and what they want done. Our location is four miles, I live in Greenvale Township, so that's where we'd be coming from.

4. *How much of the equipment shown in your proposal do you own vs how much do you lease? (Donovan Palmquist)*

We own all of our equipment.

5. *How many employees do you have? (Donovan Palmquist)*

We run about 17 employees right now.

6. *What are your thoughts on Donovan's suggestion about a road superintendent? (Tim Murphy)*

It's a great idea because it protects the contractor and it protects the township. If the Board has any questions, they can go to the road superintendent first and explain why we were out there and what we were doing. And if there are further questions the contractor can get involved. The road superintendent is the person you are relying on for everything talking to you all at board meetings and keeping you up to date on what we're doing.

7. *Do you perform all maintenance of your equipment yourself? (Lu Barfknecht)*

We have a mechanic who does our maintenance. Anything major goes to Ziegler or RMS.

8. *For snow removal, if you have a breakdown, what is your backup plan? (Lu Barfknecht)*

We own multiple pieces, so if we break down, we can get back on it right away.

9. *How long do you anticipate it takes to remove a 5" snowfall in the entire township, from start to finish? (Lu Barfknecht)*

That depends on weather conditions. Greenvale is just shy of 27 miles and we are doing that in about 11 hours in a 5" snow fall. Between 9 ½-11 hours.

Otte Excavating

1. *What years of experience does your company have servicing municipal roads in total, and can you detail your response by city or township? (Donovan Palmquist)*

We started grading roads in 2006 beginning with Sciota then Eureka, Hampton and Randolph. We had Greenvale until 4 years ago. I do ditch work and mowing for Waterford Township.

2. *What procedures and/or best practices have you used successfully in your business and to what benefit might they be applicable to Eureka Township? (Donovan Palmquist)*

I have good employees and good equipment. We try to be efficient with it.

3. *Regarding cost control, how can our township work with you, short and long term, to reduce your costs instead of your margin being a price negotiation? How do we take the cost out for both of us? (Donovan Palmquist)*

There's some room to work with. For instance, chloride, there are some options that can be arranged where you can do a little more chloride and a little less grading. That could probably put some money in your pocket. As the gravel get low it helps you a ton if you have a good gravel supplier, you keep using that gravel long term. That's a pretty major asset for you for saving money.

4. *How much of the equipment shown in your proposal do you own vs how much do you lease? (Donovan Palmquist)*

We own all of our equipment.

5. *How many employees do you have? (Donovan Palmquist)*

We currently have 8 employees.

6. *What are your thoughts on Donovan's suggestion about a road superintendent? (Tim Murphy)*

I think it is a great idea. I worked with Greenvale for a few years with a road superintendent and it works well. A road superintendent makes everyone's job easier and it would probably end up saving you money and time. It is a good idea. I have 4 townships right now and none of them have a road superintendent. Correction, Waterford has a road superintendent.

7. *Do you perform all maintenance of your equipment yourself? (Lu Barfknecht)*

We handle 90% of maintenance ourselves. We routinely look over our equipment and do maintenance and any large issues we take to Ziegler.

8. *For snow removal, if you have a breakdown, what is your backup plan? (Lu Barfknecht)*
We have enough equipment that if anything breaks, we have doubles of everything.

9. *How long do you anticipate it takes to remove a 5" snowfall in the entire township, from start to finish? (Lu Barfknecht)*
Approximately close to 18 hours. We send a truck out to eureka estates to do the blacktop and salt, a pickup to town hall, and do the roads with a grader. If you add the trucks and grader together it would be around 18 hours.

Chair Palmquist asked if there were any other questions for the road contractors.

Awarding of Road Maintenance contract

Motion: Supervisor Ceminsky moved to accept the bid proposal from Hansen's Services.
Motion died for lack of a second.

Motion: Supervisor Fredlund moved to award the bid to Otte Excavating for the road contract as being the most responsible, lowest cost bidder, seconded by Chair Palmquist. A roll call vote was taken: Ralph Fredlund – Aye; Tim Murphy – Aye; Mark Ceminsky – Nay; Lu Barfknecht – Aye; Donovan Palmquist – Aye. *Motion carried 4-1.*

Findings: The Board has determined that Otte Excavating is the most responsible bidder given their overall experience, ability and knowledge with townships and municipalities; their financial ability including the amount, quality and redundancy of their equipment; their licensing and insurance available and in effect; their employees and/or subcontractors available to provide prompt service; and their integrity, reliability and references.
Donovan Palmquist – Aye; Ralph Fredlund – Aye; Tim Murphy – Aye; Lu Barfknecht – Aye; and Mark Ceminsky – Nay.

Adjournment

Motion: Chair Palmquist moved to adjourn the meeting, seconded by Supervisor Ceminsky. A roll call vote was taken: Lu Barfknecht – Aye; Donovan Palmquist – Aye; Tim Murphy – Aye; Ralph Fredlund – Aye; Mark Ceminsky – Aye. *Motion carried 5-0.*

Meeting adjourned at 8:16 pm

Respectfully submitted,

Ranee Solis, Town Clerk

Minutes Officially Approved By: _____ on: _____
Town Chair Date