

COUNCIL PROCEEDINGS  
Crosslake, Minnesota  
SPECIAL SESSION B - March 26, 1984

The City of Crosslake, Minnesota met in a special session on March 26, 1984 at 7:30 p.m. in the Council Room of the Municipal Building. The following members were present: Councilman Allen, Anderson, Nelson, Arends and Mayor Bieber. There were approximately eleven members of the community present which included members from the Telephone Commission, L. Andolshek, A. Mezzenga, H. Fraser, and R. Turner; T. Mayer, Telephone Co. Manager and representatives from Wilde Construction and Spalj Construction.

Mayor Bieber called the meeting to order.

The minutes of March 17, 1984 were introduced and corrections were made as follows:

-Third Paragraph - should read "That the City of Crosslake Council Procedures are in order and can do whatever they please about accepting or rejecting any bids, but that John Baxter from REA cautioned only that we not allow any work to commence on this project until REA approved the release of our reserved funds.

-Third Paragraph - Should be corrected that the City Attorney has warned us that the bid package did not cover 100% bonding and that the City should insist on a Payment Bond which the Contractor should pay for.

-Fifth Paragraph - The \$531,000.00 per the February 1984, Telephone Co. financial report shows this as reserved funds and does not include dedicated funds. These funds are presently not dedicated for any specific project. The \$250,000.00 is incorrect as we have \$263,000.00 reserved dedicated funds and cannot be touched.

Mayor Bieber requested placement on record regarding the Sixth Paragraph regarding the Commission's vote of 4 to 0 to accept the bid of Wilde Construction that "No Commission has the power to accept bids, all the Commission can do is recommend to the Council and it is up to the Council to make the final decision."

-Motion No. 3S-01-84 was corrected by Councilman Anderson that he voted NAY to the tabling of the bids and that this portion was not entered into the motion. Motion 3S-01-84 was corrected to read, "That the bids be tabled and the matter be taken up with Tom Fitzpatrick, City Attorney on Monday."

MOTION NO. 3SB-01-84 was introduced by Councilman Allen that we accept the minutes of the Special Session dated March 17, 1984 as presented with the corrections as presented. SECONDED BY Councilman Arends. Upon roll call vote being taken all members of the council voted in favor of said motion and Mayor Bieber declared the motion carried.

Mayor Bieber introduced the letter received from Wilde Construction's attorney, which was turned over to the City Attorney. Mayor Bieber requested the following be placed on record: "This letter was very much out of order and he is seriously thinking of turning it over to the Minnesota Bar Association because the letter is not an ethical business letter."

The bid from Wilde Construction Co. for \$444,609.85 and the Caryvan Cable, Inc. bid of \$519,141.65, were introduced. Much discussion was involved with the monies available from the Telephone Co. of \$531,030.00 and the total overall costs of the Cable Television project. Loans were discussed in general in regards to interest costs and REA's control over the reserve.

Detailed discussions continued regarding REA approval and how close we were to getting that phase completed; time frame we were looking at before construction could begin; the sales tax to be reimbursed from the materials; the variables within the job both in run over and possible savings within the job per unit; the materials shown within the contract and the possibility of not using all the items shown and any reimbursement; how the payment of work completed would be handled; how units were established; the comparison work of the telephone cable to laying the television cable.

The figures were introduced on the Wilde Construction bid as questions was raised regarding the Outside Plant Assembly of \$298,473.40 and where this figure came from and the total figure. These figures were discussed and outline in detail as well as the other expenses of the project as one-half the tower cost of \$22,000.00 and an approximate figure of \$30,000.00 for hookup (Mayer's figure is approximately \$20,000.00) were introduced minus the sales tax reimbursement (\$18,000.00 plus), and a 10% contingency brought the total cost of the project close to \$525,000.00 plus. Time frame was looked into as to the payoff of this money at 6% interest. The report initially introduced where the different routes to do the Cable Television project were introduced as well as different interest rates and time frame of each the City would be looking at. Present subscribers were introduced and anticipated growth was discussed. A. Mayer stated that presently there are between 350 and 400 bonified applications for service from the first mailing.

Discussion continued regarding the use of the reserve, placing a ceiling on the expenses and putting a halt to the job once we reached our limit and again the payment to the Contractor was discussed. As explained, the payment of work is to be once a month and would only involve exactly the agreed percentage cost of work which was completed and those materials used.

Wilde Construction was requested to clarify some of the questions within a letter regarding the work they would be doing, the cost of the unit per work required, the reimbursement of such on any items not required that has been placed on the bid and place this letter as an addendum to the agreement. The bid packet received from Wilde Construction was reviewed in detail in regard to payments to the Contractor, the bonds set for the job and the request that a Payment Bond also be included as an addendum to this agreement.

MOTION NO. 3SB-02-84 was introduced by Councilman Allen that we move to accept the bid packet submitted by Wilde Construction for \$444,609.85 on the Cable Television project with the understanding that credit will be given for the sales tax on the materials at an approximate cost reduction of \$18,000.00 plus. **SECONDED BY Councilman Nelson.**

Upon roll call vote being taken Councilmen Allen, Anderson and Nelson voted AYE and Councilman Arends voted NAY with Mayor Bieber abstaining. Mayor Bieber declared the motion carried on a three to two vote.

MOTION NO. 3SB-03-84 was introduced by Councilman Nelson that a letter be drafted by Mayor Bieber covering all discussions pertaining to the contract which includes the Payment Bond which the Contractor has agreed to pay for and other items needed to clarify the bid and that Mayor Bieber be authorized to discuss with the Contractor and clarify our needs and have these placed as an addendum to the contract. SECONDED BY Councilman Allen.  
Upon roll call vote being taken Councilman Allen, Anderson and Nelson voted AYE and Councilman Arends voted NAY with Mayor Bieber abstaining. Mayor Bieber declared the motion carried on a three to two vote.

MOTION NO. 3SB-04-84 was introduced by Councilman Nelson that we set a maximum cost to be appropriated for the Cable Television at \$500,000.00 which would include the Wilde Construction bid (\$444,609.85 less credit for sales tax), the \$22,000.00 for half the tower cost and the laying of the drops at a cost not to exceed \$30,000.00 plus any remaining contingency. SECONDED BY Councilman Anderson.  
Upon roll call vote being taken Councilman Allen, Anderson and Nelson voted AYE, Councilman Arends voted NAY and Mayor Bieber voted AYE. Mayor Bieber declared the motion carried on a four to one vote.

MOTION NO. 3SB-05-84 was introduced by Councilman Anderson that the Telephone Company pay the other \$22,000.00 or balance of the tower. SECONDED BY Councilman Arends.  
Upon roll call vote being taken all members of the council voted in favor of said motion and Mayor Bieber declared the motion carried.

MOTION NO. 3SB-06-84 was introduced by Councilman Anderson that no work begin on this project until we get REA approval on the use of the funds. SECONDED BY Councilman Allen.  
Upon roll call vote being taken all members of the council voted in favor of said motion and Mayor Bieber declared the motion carried.

MOTION NO. 3SB-07-84 was introduced by Councilman Anderson that this Special Session adjourn (9:30 p.m.). SECONDED BY Councilman Allen.  
Upon roll call vote being taken all members of the council voted in favor of said motion and Mayor Bieber declared the motion carried.

RESPECTFULLY SUBMITTED:

  
Diana A. Gallaway  
City Clerk/Treasurer