



TO: Mayor Ross
Members of the City Council

FROM: Lance Meyer, City Engineer

DATE: May 20, 2024

SUBJECT: TRAFFIC BUILDING DEMOLITION RECOMMENDATION

I. RECOMMENDED ACTION

It recommended City Council proceed with the low bid from Dig It Up Backhoe Service to demolish the building at 309 1st Avenue NE.

II. DEPARTMENT CONTACT PERSONS

Lance Meyer, City Engineer, 701-857-4100

III. DESCRIPTION

A. Background

In April, bids were opened for demolition of the building at 309 1st Avenue NE. The land is required to construct a levee for flood control. The land must be turned over to the flood control contractor on August 1, 2024 so they can start construction.

Two bids were received for the demolition, Dig It Up submitted the low bid of \$32,400 and Hanson Excavating submitted a bid of \$114,000.

At the April 15th meeting, council withdrew the award of bid item from the agenda. A request was made by council to place this building up for public auction instead of demolition. Staff has had time to analyze City policy regarding auctioning of property, past performances of auctions, and schedules of the auction and potential for rebidding a demolition if the auction is unsuccessful.

B. Proposed Project

Below are potential options for the council to consider. Each option has associated timelines and risks for consideration.

Proceed with Current Bid:

As part of the bid specifications, Dig It Up must hold their bid for 60 days, which gives the City until June 4th to act on their bid. If the City does not act on the bid, Dig It Up does not have to honor their bid price after this date.

Staff's recommendation is to accept Dig It Up's bid and proceed with a contract to demolish the building.

Reject Current Bid, Auction Structure:

If the Council chooses to auction the structure, the schedule will look like this based upon the City's policy on structure auctions:

May 20 - Council approval to auction structure
May 21 - Submit advertisement to MDN
May 24 - 1st Advertisement
May 31 - 2nd Advertisement
June 7 - Open house for potential bidders
June 14 - Bid opening

Based upon City policy, bidders have 60 days from the bid opening to remove the auctioned structure. In this case, August 13th. The bidder would then have to clean up the site and prepare it for the flood control contractor, probably taking approximately one week.

In addition, per City policy, the minimum starting price of this auction will be \$80,700. A prospective bidder will have to obtain a moving permit from the city (if moved within the jurisdiction) and bring the structure up to code. This option leaves little room for error or delays. The City is relying on the winning bidder to perform perfectly which historically has not been the case.

Future Demolition Rebid IF Auction Unsuccessful:

If the council chooses to rebid the demolition of the structure due to no auction bidders or too low of a bid, the schedule will look like this:

June 18 - Submit advertisement to MDN
June 21 - 1st Advertisement
June 28 - 2nd Advertisement
July 5 - 3rd Advertisement
July 8 - Pre-bid meeting
July 12 - Bid opening
Aug 5 - Council approval contract award
Aug 15 – NTP

A demolition at this site will take approximately 20-30 days from mobilization to final clean up. This places the structure removal approximately 1.5 months after the planned site was turned over to the flood control contractor. This can inject risk, delays, and potential for claims into the flood control contract. This assumes we have prospective bidders a 2nd time.

Last, there is a large difference in bid amounts between the existing two bidders. If the demolition is bid again, it is expected that the previous low bid will be closer to the high bid seen at the last bid opening. Of course, other bidders can also bid on this contract, but these bid amounts are now public information. There is a high likelihood the City will pay more to demolish the structure if they

bid a 2nd time.

C. Time Constraints

Staff requests council make a decision by the May 20th meeting, so staff can inform Dig It Up of council's final decision on their bid.

IV. IMPACT

A. Aspirations

Resilient and Prepared

B. Service/Delivery Impact:

N/A

C. Fiscal Impact

State Water Commission funding is paying for the majority of the cost of removing the structure. The remaining funding is coming from budgeted funding.

VI. ALTERNATIVES

Alternatives are listed above.