

**MINUTES**  
**COUNCIL WORK SESSION**  
**NOVEMBER 17, 2003**  
**4:15 PM**

**PRESENT:** Mayor Rietz, Council Member-at-Large Goodnature, Council Members Jorgenson, Koch, Pacholl, Christopherson (4:45 p.m.), Nordin, and Chamberlain

**ABSENT:** None

**STAFF PRESENT:** Jon Erichson, Jim Hurm, Craig Hoium, David Hoversten, and Tom Dankert

**ALSO PRESENT:** Austin Daily Herald, Austin Post Bulletin, and Jon Boyer and Tim Camerer (Precision Signs)

Mayor Rietz opened the meeting at 4:20 p.m.

Item #1 - Jon Boyer of Precision Signs noted he was here to discuss the recent decision by the city to award the community entrance sign to Innovative Signs after all of the work that had been done by his company to design the sign. Mr. Boyer noted he wanted a good relationship between the City of Austin and his company. Mr. Boyer passed out a letter outlining some of his questions, such as who made the final decision on awarding the contract. City Attorney David Hoversten stated to council this was not a bid situation and bids were not required due to the size of the contract. The City of Austin can solicit invitations to make proposals and quotes. They are not subject to the competitive bid requirements and council essentially directs staff to make the purchase. Large bids come to the city council for their approval. Community Development Director Craig Hoium noted the last backup material council had listed the two quotes. Council Member-at-Large Goodnature noted he remembered voting on the issue and approving the costs to Innovative Signs.

Mr. Hoversten noted it is not appropriate for council to be answering these questions. This forum is appropriate for council to listen to the issues and discuss them. Mr. Hoversten recommended council direct staff to work with Mr. Boyer.

Tim Camerer noted they didn't expect the council to answer all of the questions, just for the council to understand our (Precision Signs) thought process. Mr. Boyer noted his artwork was used to solicit these bids. This was not handled correctly, and we would like to have a good relationship with the city. Mr. Boyer reiterated that Precision Signs put many hours into this project.

Mr. Hoium stated Mr. Boyer was made aware that the sign would have to be bid out to other contractors. Mr. Hoium noted he created the sketch that Mr. Boyer used to present to the local service clubs. Numerous revisions were made to the design. The initial bid from Precision Signs came in at over \$16,000. Mr. Boyer was notified of this, and a total of four local companies were contacted to give us quotes. Only two of the companies, Precision Signs and Innovative Signs, actually gave us quotes. The City Council first voted against the sign, and then Innovative Signs came in the very next day and said he would revise the quote to get it lower. Precisions Signs re-quoted on the same thing. Mr. Boyer questioned how we know what Innovative Signs bid on since

their quote does not specify the details? Mr. Hoium responded by stating that he verbally told Innovative Signs the sign components.

Mr. Boyer stated the actual sign is not even being made here in Austin; it is being made in the Twin Cities area. Council Member-at-Large Goodnature noted we have to take the quotes by law; we can't just give the project to you. Mr. Camerer noted after Precision Signs sends the bill for the artwork design, the total cost may be over our bid. Mr. Boyer noted he also worked hard to get the Kiwanis to donate on this cause.

Council Member Nordin questioned if we had to take the lowest quote. Council Member-at-Large Goodnature stated we don't have to take the lowest quote, but all things reasonably equal in the quotes would necessitate that we should take the low quote.

Council Member Koch noted Precision Signs has been involved in this process for 19 months, has gone to the service clubs, and we should do work with these businesses. Council Member Pacholl noted the media had plenty of coverage on this issue so it is not even a fair process if a competitor can read the quotes in the paper and then come in lower. Council Member-at-Large Goodnature noted that is the way governments have to work; it is the law in Minnesota.

Council Member-at-Large Goodnature questioned if Mr. Hoium ever told Mr. Boyer that he would get the bid. Mr. Boyer noted he was told it was 99% sure Precision Signs would get the bid. Mr. Boyer noted he has a lot of respect for Mr. Hoium, but we need to grow together.

Mr. Hoium stated that at the last work session, both bidders were at the meeting when the sign issue was discussed. Mr. Hoium noted he recommended that consideration be given to Precision Signs for their time involved in the artwork design.

Council Member Jorgenson stated there appears to be a communication problem here. Mr. Boyer probably should have fought harder and staff should have identified the low bidder better in the backup material for council to see.

Council Member-at-Large Goodnature noted The Joseph Company (Craig Holmen) does drawings for the city all of the time free of charge. When I asked him (Craig Holmen) about this, he said it was part of doing business.

Mr. Hoversten noted that Innovative Signs has been advised that they had been awarded the quote for the community entrance sign. Mr. Hoium noted this was correct, and they are in the process of manufacturing the sign. There is no written agreement between the city and Precision Signs to pay for the artwork, and the city cannot legally take the contract back away from Innovative Signs as he has now relied upon the city's action to start building the sign. Council Member-at-Large Goodnature requested Mr. Boyer send us a bill and we can discuss reimbursement. Mayor Rietz agreed, noting staff should work with Mr. Boyer for a final resolution.

Council Member Koch stated it is important to do what is ethically and legally correct. This whole process on the sign was not done correctly from the start, and Council Member Koch noted he could empathize with Mr. Boyer. Council Member Koch stated he was shocked it even went out on bids with all of the time Mr. Boyer put into this process. Mr. Hoium noted he understood Mr. Koch's point, but what would happen if a competitor of Precision Signs drove by the sign and wanted to know why they didn't get a chance to do the sign?

Council Member Chamberlain noted we couldn't pull back what we have already done. We, as council, probably did not pay enough attention to the material. The information was probably given to us; we just didn't pay enough attention to it.

Motion by Council Member Jorgenson, seconded by Council Member-at-Large Goodnature to direct staff to work with Mr. Boyer to consider reimbursing Precision Signs for their artwork, and to also review the process we used to obtain these quotes to avoid this issue in the future. Carried 7-0.

Other Items – Mayor Rietz noted the annual Salvation Army bell ringing for council would be on December 7 from 10:00 a.m. to 8:00 p.m.

Mayor Rietz also noted, and council agreed, that the annual retreat would be done in May/June of 2004 as the legislative session would then be done and it would be good timing for the budget for 2005.

Moved by Council Member Jorgenson, seconded by Council Member Pacholl, adjourning the work session at 5:10 p.m.

Respectfully submitted,

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Director of Administrative Services