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November 24, 2014

Mr. Chris Leinen
502 Minnesota Ave NW
Bemidji, MN 56601

Re: Kraus-Anderson Construction Management Services – **Revised** Fee Calculation for New Intermediate School

Dear Mr. Leinen;

After our discussion with you in regards to your projects, I am confident together we can create a trusting team and process for successful projects. Following is a detailed description of services to be performed. Thank you for the opportunity to provide the following fee information for your review.

PRECONSTRUCTION PHASE

As a strong team member, Kraus-Anderson will begin by providing a thorough review and evaluation of your building requirements. We will provide conceptual cost estimates, milestone schedule, and constructability analysis of all major building systems and components. Kraus-Anderson understands the complexity of school projects and the need for sequencing and phasing of these types of projects. Kraus-Anderson Construction Company also has extensive experience in working in partnerships between Cities, Schools or other community agencies to ensure a strong flow of communications, negotiations, and understanding that the project requirements are achieved.

Following is a bullet point summary of tasks to be performed:

- Project planning
- Overall budget tracking / estimating
- Phasing plan
- Meet with staff to ensure strong communication of events planned
- Attend team design meetings as needed
- Plan review
- MEP review (In-house engineer review of mechanical and electrical systems)
- Quality review (In-house architect constructability review)
- Administrations reports as needed

BID PHASE

Kraus-Anderson will competitively bid all categories of the work (multiple primes), review bids with you the owner, and accept the bids of the lowest qualified bidders. We will also work closely with the City and other government agencies to ensure a clear and precise set of documents is distributed to the bidding contractors and permits are secured. Our on-site superintendent will also start to get involved to review the facility, documents, and post any addendums as needed. Following is an additional breakdown of work to be performed in this bidding phase:

- Narrate front end bidding requirements
 - Multiple bid packages maybe required for long lead items
- Assist in ads for bid
- **Work hard to keep work local!**
- Create detailed construction schedule
- Conduct walk-thru
- Permitting process
- Post any addendums as needed
- Plan review
- Organize bid day operations
- Review bids
- Meet with potential low bidders
- Write letter of recommendations
- Write contracts
- Assist in Board meetings or staff updates as needed
- Collect front-end paper work (insurances, bonds, etc.)
- Create shop drawing submittal logs
- Begin collecting and reviewing shop drawings
- Host kick-off construction meeting

CONSTRUCTION PHASE

Our construction service approach will provide a textbook delivery from start to finish. Our project superintendents, project assistants, and project managers have documented responsibilities to assure that your project is professionally represented. As part of our construction service, we will assist in monitoring owner purchase orders, and construction dollars spent each month to verify that the payment applications and invoices generated do not exceed the work completed to date. Kraus-Anderson will work closely with you and the architect to promote strong communication throughout the entire construction process. Following is a bullet point review during this phase:

- Full time supervision
- Part time project management and project assistant
- Host job meeting/project manager meetings
- Conduct foreman meetings
- Three week look ahead schedules
- Create meeting minutes
- Track submittals
- Track contract information (contract status, insurances, submittals, etc)
- Monitor overall budget
- Monitor overall quality
- Monitor overall schedule
- Assist in owner purchases
- Collect and process all pay applications on behalf of the owner
- Assist in monitoring and procuring general condition items (i.e. dumpsters, barricades, safety devices, general cleaning, trucking, temp utilities, office supplies, printing, etc.)
- Quality review with architect of record
- Progress photos
- Assist with commissioning report procurement and implementation
- Daily logs
- Staff and administration updates
- Use of ProLog as a project management software

PROJECT CLOSE-OUT/COMMISSIONING

As construction manager we have developed a method of establishing expectations, and getting an early start on the close-out process, that has proven to be highly effective. As-built drawings, operations and maintenance manuals, and other close out documents will be provided promptly and in an organized manner. Following is a list of close-out requirements:

- Collect as-built drawings
- Monitor punch-list completion
- Collect Consent of Sureties
- Collect warranty information
- Meet with your staff and administrators on project completion
- Organize substantial completion requirements
- Monitor and recommend release of contractors' retainage only when close-out documents are completed
- Work with and encourage Test and Balancing contractor and Commissioning Agent to finalize reports
- Organize close-out documents for owner

FEE CALCULATION based on \$30,000,000 of Site Work and New Building

A. Referendum and Pre Construction Fee (in bellow)	\$0
B. Construction Fee - Kraus-Anderson will <u>convert our fee to a lump sum</u> not to exceed With no mark-up on change orders -	1.375%
C. Site Services – KA is assuming project duration of 14 months of construction.	2.125%
<ul style="list-style-type: none">• Full-Time Supervision• Project Management• Assistant Project Management• Quality Control (Mike Spence)• MEP Coordinator (Jeff Kemp)• Accounting and In-house support• Project Leader and Senior Management	

Also, we understand the District is considering a maintenance project at the Middle School. Kraus-Anderson would be happy to provide our construction management services on this project. Managing both projects at once provides a level of efficiency for Bemidji Public Schools. We would be happy to discuss these services further at a future date.

**Please note, a true construction manager (CM) replaces a general contractor (GC) or Owners Rep. A CM is at least equal or likely less cost than those other deliver models. Kraus-Anderson also provides seasoned veterans of the industry and a deep bench of resources to generate a successful project. Project reimbursable and general conditions will be a cost of the work as covered in original estimates.

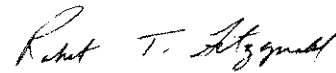
If you have any questions regarding the enclosed information, please feel free to call me at (612)-747-6258

Very truly yours,

KRAUS-ANDERSON® CONSTRUCTION COMPANY



John Huenink
Vice President



Robert T. Fitzgerald
Director of Operations

REFERENCES

Alexandria Public Schools
Terry Quist, Superintendent (retired)
(320) 815-8254 - terryquist1212@gmail.com

South Washington County Public Schools
Mike Vogel, Director of Operations
(651)-458-6276 - mvogel@sowashco.k12.mn.us

Former Stillwater Public Schools – now Cambridge- Isanti
Ray Queener, Superintendent
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