

# MEMO

**To:** School Board Members  
Superintendent Magas

**From:** Cathy Erickson

**Date:** December 18, 2020

**Re:** Professional Services Project Management Agreement - Facilities

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On behalf of David Spooner and myself, we want to thank you for your thoughtful questions at the Board Meeting on Tuesday, December 15. My goal is to summarize those points and make sure you feel as well informed as possible to confidently consider next steps in moving forward with the professional services project management agreement shared via the December consent agenda. After reading this memo and looking through the attached documents, if you still have some questions or would like further clarification, please do not hesitate to reach out to me or Supt. Magas over the weekend.

In addition, we have invited the team that worked to create the attached recommendation and the successful legislation to the Committee of the Whole on Monday.

Approval of this agreement is of utmost importance so that we are able to officially establish our team. We look forward to the closed session and subsequent informational meeting so that you (and the public) are well informed for a vote on December 30th.

I am hopeful that this process will further clarify next steps and options available for both the relocation and transition from Historic Old Central High School (HOCHS), and what steps will be needed for a possible sale of part of Central on the hill. Furthermore, the establishment and work of this team will allow for the robust, inclusive, and transparent processes that we, and the board, desire in the coming months

## **Background:**

The Board authorized District administration to finalize a purchase agreement for the sale of HOCHS at the October 13, 2020 Special School Board meeting. Duluth Public Schools must now prepare for the relocation of programs and services which will be required by mid-October 2021. In addition, we are now in active negotiations for the possible sale of Central on the hill and many requirements are needed to fulfill a potential offer for the board to consider. There is a lot going on!

The agreement before you now has been in the works for several weeks, led by David Spooner, manager of District Facilities, and Mark Knutson, our attorney specializing in contracts. The agreement was created by the District using industry standard templates and then modified to make sure District interests were incorporated. Mr. Spooner has drafted dozens of these agreements over the years and that experience gave us a great advantage in drafting documents to support work and projects needed by the District.

Once our draft was completed, Mr. Knutson and ICS, Inc. attorneys negotiated the final agreement terms and all are well within industry standards. The documents you are considering represent the work of the District to be thoughtful of budget, capacity, and needs as we move forward with the HOCHS sale and relocation.

## **What is this agreement?**

This is a project management agreement to coordinate and develop a relocation plan for HOCHS, the relocation of our transportation services, and the possible sale of part of Central on the hill. It will also include infrastructure and coordination of this entire site, and best reuse of the District Facilities building to be retained at the site.

These complex efforts are on-going, time-sensitive, and are very inter-connected. Subsequently, we have intentionally structured this agreement to ensure that all aspects can be appropriately coordinated and integrated. The contract outlines roles, responsibilities, and pay structures based on agreed upon plans and contracts.



## **What does this agreement not do?**

The professional services agreement does not spell out the details of what any building construction or renovation will look like, which services will be included, where departments will be located, how large the rooms will be, etc. Those decisions will be the next steps to be facilitated by this team and brought to the Board for consideration.

## **How does this agreement work?**

- Fully integrated services structure and agreement with a competitive compensation structure based on the actual work successfully implemented as negotiated by District's attorney and administration.
- All construction work will be competitively bid at the appropriate time in the process and will be separate contracts and agreements.

## **Why this team?**

In June 2019, the District received the HOCHS feasibility study, which revealed substantial costs to remain in the building. District leadership realized in order to be good stewards of taxpayer investments, other options needed to be researched and considered.

Former Superintendent Gronseth, David Spooner, and myself researched and brought together a team of experts to begin discussions on what should be considered and how the team should be structured to ensure that there were no gaps or overlaps. This team possessed the necessary experience to address our unique situation, and was instrumental in creating the recommendations used to get recent legislation passed. The focus now is on next steps, which includes this agreement. Many of the team members have in-depth District knowledge and have active relationships with the District. This agreement will enable us to take important steps to keep our projects moving. This agreement includes engineers, planners, architects and specialists that will support the District with its decisions.



## Who is this team?

Former Superintendent Bill Gronseth, current Superintendent John Magas

David Spooner, Manager of District Facilities

Cathy Erickson, CFO

Mike Hoheisel, District Financial Advisor, RW Baird

Pat Overom, Engineer, ICS, Inc.

John Erickson, Architect, DSGW

Greg Follmer, Real Estate Agent

Jeff Anderson, Costin Group

Gary Cerkvenik, Costin Group

## Why is this agreement important?

### Current parallel paths with work in progress:

- HOCHS sale and program relocations – clock is ticking due to purchase agreement
- HOCHS department and program space planning and visioning work
- Hill site city process - re-platting, regulatory plan, and re-zoning – critical timelines must be met
- Hill site “out lot” development negotiations – time sensitive due to city and developer needs
- Hill site infrastructure and development master plan process – time sensitive in order to continue purchase negotiations
- Permanent lease space evaluations – time sensitive due to relocation timelines
- Temporary lease space evaluations – time sensitive due to relocation timelines

## Why the urgency?

- The reality is that these consultants have been working, and are continuing to work, on all aspects of this effort to meet the timelines associated with all of the various parallel paths as outlined above. Many of these parallel paths have now reached a point where they are intersecting with each other. Specific consultants found in this agreement need to be approved to focus on these elements. We have specialized consultants and engineers on standby ready to proceed with more in-depth site analysis and investigations.
- One of the more critical and exciting next steps is to enable the consultant team to initiate the space planning and visioning work for the ALC and other programs currently operating out of HOCHS. This process will involve engaging department

and program leadership and other stakeholders to begin identifying program goals and initiatives, and quantifying space and facility needs to best meet the program specifications. Timing of these efforts are critical so that the team is able to continue to utilize this information for other aspects of the process.

- We are currently at a point where extensive effort is necessary to continue work associated with several aspects of the intersecting projects. In order to do this, we need to secure the team with this agreement.

### **What does our timeline look like?**

#### Timing and major milestones:

- |   |                          |
|---|--------------------------|
| - City planning and approvals process           | Nov 2020 thru May 2021   |
| - HOCHS space planning process                  | Jan 2021 thru Mar 2021   |
| - HOCHS program relocations options visioning   | Jan 2021 thru Mar 2021   |
| - Hill site "out lot" development negotiations  | Dec 2020 thru Feb 2021   |
| - Hill site infra-structure and master planning | Dec 2020 thru April 2021 |
| - Legislative authority public hearing          | Feb 2021                 |
| - MDE review and comment submission             | Mar 2021 thru May 2021   |
| - Identification of lease space(s)              | Spring 2021              |
| - Relocation of HOCHS programs and departments  | Summer 2021              |
| - Solution project design work                  | Mar 2021 thru Aug 2021   |
| - Project procurement activities                | Sept 2021                |
| - Project construction                          | Sept 2021 thru TBD       |
| -   |                          |

#### **Next steps after approved agreement:**

Formalize the team

Schedule Board planning meeting

Collaborate with HOCHS departments

Continue to communicate with the City and developer on possible sale

Also included with this memo are the legislative documents that outline the board approved District recommendation for relocation in the event of the sale of HOCHS.