



**ROCK RIDGE PUBLIC SCHOOLS  
411 SOUTH 5TH AVENUE  
VIRGINIA MN 55792**

**Working Session**

**Monday, May 9, 2022 at 5:15 PM**

**Rock Ridge Administration Building (formerly Spectrum Health Building), 1405 Progress Parkway, Virginia, MN 55792**

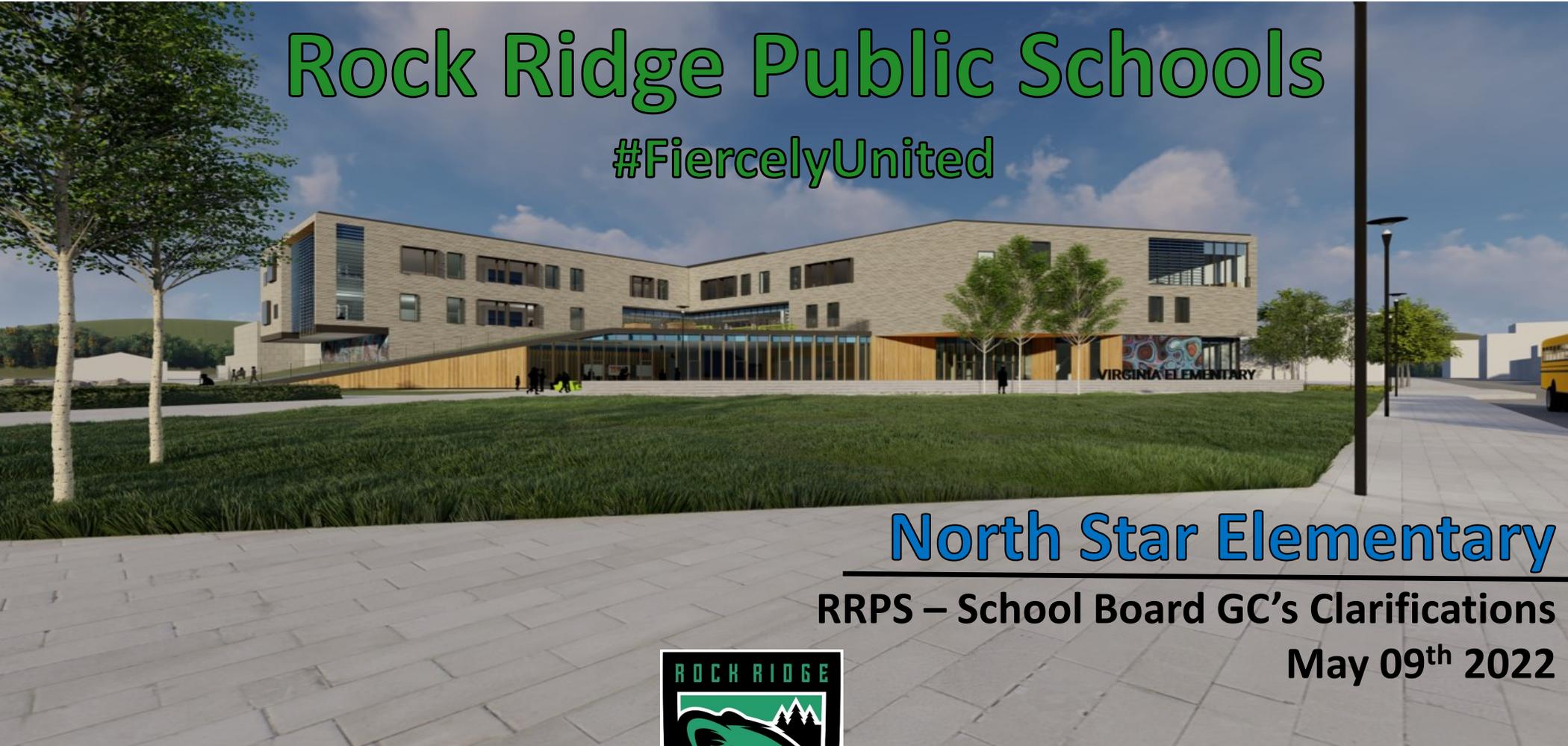
**AGENDA**

1. North Star Elementary - General Conditions Clarifications

2

# Rock Ridge Public Schools

#FiercelyUnited



## North Star Elementary

RRPS – School Board GC’s Clarifications

May 09<sup>th</sup> 2022



Cunningham





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**AGENDA**

Project Update Presentation

# **AGENDA**

- 1. Budget Vs Price**
- 2. Budget Summary**
- 3. GC Clarifications**
- 4. Questions**



## Reminder:

# The Difference Between a Budget and a Price:

### A Budget: “CMa”

- Setting aside/fencing of revenues sufficient to address most any likely conditions (including the unforeseen and unlikely anticipated) to **minimize RISK** to the **owner/District**
- **Surplus** remaining **revenue/savings is returned to the owner/District** at the end of the project as a reward of a well managed construction process  
(as was done on the Laurentian Project)

VS.

### A Price: “Bid Build”

- A **competitive balance of risk** to address the most likely conditions to **maximize contractor profitability**
- **Surplus** remaining **revenue/savings are retained by the contractor** as a reward for taking the risk  
(sometimes a positive sometimes a negative)



## **Bottom Line Upfront**

1. Market Conditions Changed and “**anticipated potential risks**” were addressed – *budgets* adjusted.
  - GC’s costs increased due to **Post-COVID** market conditions and **potential** future **inflated** cost.
2. Comparison to previous project’s **Original** and **Current** GC’s costs illustrates a need for GC budget increase.
3. Well managed construction *may* result in returned savings.



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**GENERAL CONDITIONS**  
Project Update Presentation

# General Conditions Clarifications



## Examples of GC's Cost Increases

- Temporary Enclosures/Barricades (**lumber**)
  - Boarding up the existing VHS – 1<sup>st</sup> floor windows/doors
- **Fuel** costs for equipment use (forklift, skidsteer, temporary heaters, snow plowing, etc.)
- **Rental rate** increases on equipment, sanitation, dumpsters, etc.
- **Trucking/shipping** costs for materials, equipment, etc.



## Recap on Key Questions From Bidding Results:

1. Are the design & budget in alignment?
  - \$6.7M Alignment Required

2. **If not, why?**

- **Material prices increase** (material dependent), due to current market conditions.
  - Work scopes containing **Steel & Wood** increased an average of up to **50%**
- **Inflation** w/ Construction Start in 2022: Current rate of 7.5%

3. If not, how do we align the design & budget?

- Value Management
- Accept ALL Deduct Alternates
- Reallocate Owner Soft Cost Budget(s)
- Reallocate Demo Funds
- Pursue Other Sources of Revenue



# Material Cost Increases

(Work Scopes affected by Wood & Steel Material Price Increases)

NSE & LES Pricing Comparison							
Work Scope	LES Bid Amounts	LES \$/SF (89,000SF)	NSE Budget Amounts	NSE Budget \$/SF (69,000SF)	NSE Bid Amounts	NSE Over Budget Amounts	NSE Bids \$/SF (69,000SF)
Masonry (WS 4A)	\$195,065	\$2.19	\$674,127	\$9.77	\$1,139,498	\$465,371	\$16.51
<b>Steel Supply (WS 5A)</b>	\$897,175	\$10.08	\$1,556,677	<b>\$22.56</b>	\$2,291,750	\$735,073	<b>\$33.21 (50%)</b>
<b>Rough Carpentry (WS 6A)</b>	\$605,900	\$6.81	\$934,000	<b>\$13.54</b>	\$1,379,000	\$445,000	<b>\$19.99 (50%)</b>
*Metal Panels (WS 7F)	\$1,783,555	\$20.04	\$323,000	\$4.68	\$650,496	\$327,496	\$9.43
Metal Studs & Drywall (WS 9A)	\$1,496,900	\$16.82	\$1,842,679	\$26.71	\$2,218,950	\$376,271	\$32.16
Mechanical (WS 23B)	\$3,238,480	\$36.39	\$3,268,674	\$47.37	\$4,118,000	\$849,326	\$59.68
Electrical WS 26A)	\$2,492,230	\$28.00	\$2,568,376	\$37.22	\$3,460,000	\$891,624	\$50.14
Sitework (WS 31A)	\$4,057,000	\$45.58	\$2,244,043	\$32.52	\$2,839,800	\$595,757	\$41.16
<b>Totals</b>	<b>\$14,766,305</b>		<b>\$13,411,576</b>		<b>\$18,097,494</b>	<b>\$4,685,918</b>	

**Notes:**

\*Metal panel design changed a to more economical system on NSE (i.e. no insulated metal panel)



Laurentian (LES) & North Star (NSE) Cost Comparison

Current State

School	Total GSF	Total Current Cost/Bids	\$/SF	Notes
Laurentian Elementary	89000	\$26,193,578	\$294	Current Total Hard Costs
North Star Elementary	69000	\$30,251,116	\$438	Current Bids
			\$144/SF (49%)	Percent Difference/Increase in Pricing

Notes:

- The current bid results are much higher than anticipated (\$340/SF vs. \$438/SF = \$98/SF difference).
- The final \$/SF must stay under \$340/SF (\$23.5M/69,000SF) to be within budget.
- Therefore, a \$6.7M alignment is required.



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**BUDGET**

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# General Conditions Comparisons



# Laurentian GC's

<b>Section 01: Project Funding</b>	Laurentian Original	Laurentian Current		
<b>01: FUNDING SOURCES</b>	Current SF: 88,968 SF	Current SF: 88,968 SF		
<b>Total Project Funding</b>	<b>\$ 34,000,000</b>	<b>\$ 33,837,635</b>		
<b>Section 02: Project Expenses</b>	Laurentian Original	Laurentian Current	Laurentian Spent-to-Date	Laurentian Remaining
<b>02A: HARD COSTS</b>				
<b>02A-1: Construction Costs Budget</b>				
02A-1A: Construction Contracts (Held by District)	\$ 25,669,280.00	\$ 25,570,883.27	\$ 25,570,883.27	\$ -
02A-1D: KA General Conditions	\$ 630,000.00	\$ 714,640.26	\$ 714,640.26	\$ -
% GC's	2.45%	2.79%		

## Notes:

- Inflation did not affect this project



# RRHS GC's

Section 01: Project Funding		RRHS Original	RRHS Current		
01: FUNDING SOURCES		Original SF: 279,000 SF	Current SF: 282,000 SF		
Total Project Funding		\$ 114,500,000	\$ 120,178,371		
Section 02: Project Expenses		RRHS Original	RRHS Current	RRHS Spent-to-Date	RRHS Remaining
02A: HARD COSTS					
02A-1: Construction Costs Budget					
02A-1A: Construction Contracts (Held by District)		\$ 85,749,289.68	\$ 97,480,437.70	\$ 66,772,680.28	\$ 30,707,757.42
02A-1D: KA General Conditions		\$ 3,131,821.32	\$ 3,262,196.04	\$ 1,936,362.62	\$ 1,325,833.42
% GC's		3.65%	3.35%		

### Notes:

- Larger project with more risk and **inflation** will/has affected cost of materials



# Previous - North Star Elementary GC's

Section 01: Project Funding		North Star Original	North Star Current		
01: FUNDING SOURCES		Current SF: 61,000 New + 10,000 Reno	Current SF: 61,000 New + 10,000 Reno		
Total Project Funding		\$ 27,000,000	\$ 33,660,443		
Section 02: Project Expenses		North Star Original	North Star Current	North Star Spent-to-Date	North Star Remaining
02A: HARD COSTS					
02A-1: Construction Costs Budget					
02A-1A: Construction Contracts (Held by District)		\$ 19,991,700.00	\$28,920,547.00	\$ -	\$ 28,920,547.00
02A-1D: KA General Conditions		\$ 491,000.00	\$ 1,009,813.28	\$ -	\$ 1,009,813.28
% GC's		2.46%	3.49%		

**Notes:**

- **3.5%** budgeted to ensure covered for **inflation** and unstable market conditions as construction spans over multiple years (2022 – 2024)
- **Reminder: ALL** savings go back to Owner



## General Conditions Cost Comparison

### Current State

School	Total GSF	GC Current Budgets	% of Contracts	Notes
Laurentian Elementary	89,000	\$ 714,640	2.79%	PRE/EARLY COVID
RR High School	282,000	\$ 3,262,196	3.35%	DURING COVID
North Star Elementary	69,000	\$ 1,009,813	3.49%	POST COVID



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**CONCLUSION**

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# KA Contract Amendment #04



# Contract Amendment History



- **Primarily driven by net additional funding commitments to project over the last quarter**

\$178,500,000

- Original referendum amount

1.  \$190,000,000 (CM Amendment #01)
  - +\$11.5M of: bond interest, school board contributions, fundraising, capital fund, ERATE, & deferred maintenance commitments
2.  \$190,500,000 (CM Amendment #02)
  - +\$400k of fundraising commitments & a General Conditions budget refinement
3.  \$190,900,000 (CM Amendment #03)
  - +\$400k of fundraising commitments & a General Conditions budget refinement
4.  \$191,500,000 (CM Amendment #04)
  - Added Fundraising Commitments, ESSER Funding, & Real Estate Sale Proceeds



# Executive Summary



- **Total amount of appx. \$587,000**
  1. General Conditions (\$496k)  Inflation
    - Budget Refinement to match project progressions
    - 100% returned if/when unspent
  2. Site Services (\$0k)
    - Budget Refinement to match project progressions
    - 100% returned if/when unspent
  3. Reimbursable Expenses (\$40k)
    - Budget Refinement to match project progressions
    - 100% returned if/when unspent
  4. CM Fee (\$51k)
    - Contractual 2% of total current hard costs



**Conclusion & Discussion**



**Questions?**

**Discussion**

**Board Approval?**



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CONCLUSION

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THANK YOU!



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