

**MINNETONKA INDEPENDENT SCHOOL DISTRICT #276**  
**District Service Center**  
**5621 County Road 101**  
**Minnetonka, Minnesota**

**Minutes of May 19, 2022 School Board Special Meeting**

The School Board of Minnetonka Independent School District #276 met in special session at 6:00 p.m. on Thursday, May 19, 2022 in the Community Room at the District Service Center, 5621 County Road 101, Minnetonka, Minnesota. Chairperson Chris Vitale presided. Other Board members present were Mark Ambrosen, Katie Becker, Patrick Lee-O'Halloran, John Odom, Meghan Selinger, Lisa Wagner and Superintendent Dennis Peterson, ex officio.

**1. AGENDA**

Wagner moved, Ambrosen seconded, that the Board approve the agenda as presented. Upon vote being taken thereon, the motion carried unanimously.

**2. REVIEW AND APPROVAL OF BID FOR VANTAGE/MOMENTUM BUILDING CONSTRUCTION**

Superintendent Peterson called on Executive Director of Finance and Operations Paul Bourgeois and architect Dave Maroney from ATS&R to present this item to the Board. Mr. Bourgeois began by noting that at the October 7, 2021 School Board Meeting, the School Board had approved the construction of a 36,300-square-foot building to house the VANTAGE Program and future strands of the MOMENTUM Program at 5735 County Road 101, Minnetonka, MN at a total project cost estimated at \$14,000,000.

Bids for the VANTAGE/MOMENTUM building construction were opened at the District Service Center at 4:00 PM on Tuesday, May 2, 2022. Eight (8) bids were received as follows:

<i>Morcon Construction</i>	<i>\$15,555,083</i>
<i>Rochon Construction</i>	<i>\$15,825,000</i>
<i>Donlar Construction</i>	<i>\$16,126,000</i>
<i>Ebert Construction</i>	<i>\$16,333,000</i>
<i>Shaw-Lundquist Construction</i>	<i>\$16,390,000</i>
<i>Jorgenson Construction</i>	<i>\$16,545,000</i>
<i>CM Construction</i>	<i>\$17,248,800</i>
<i>Construction Results</i>	<i>\$17,554,770</i>

All of the bids have come in higher than the construction estimate, including the low bid of Morcon Construction. This is highly unusual, as in past times, estimates provided by ATSR have proven to be accurate. The range of bids from this group of

large construction contractors tells a story in itself. The key takeaway is that inflation is hitting the construction market in a significant way.

Mr. Bourgeois noted that the District interviewed the low bidder on Wednesday, May 4 to review the cost estimates of the low bid. Morcon Construction indicated that they have seen steady and rapid cost increases almost weekly in bid prices for other jobs that they have been bidding. Costs of concrete and steel, both of which are significant components of this project, were mentioned as having significant cost increases.

Another key factor for building construction is the cost per gallon of diesel fuel. All construction materials are shipped, often several times, and of course, large construction equipment runs on diesel fuel. In April 2021 the average for a gallon of diesel fuel was \$3.06 per gallon. In April 2022, the average for a gallon of diesel fuel was \$5.12 per gallon, which is an increase of \$2.06 or 67% from April 2021. Additional impacts mentioned by Morcon Construction to the bids was subcontractors allowing for an inflation cushion in their pricing and to cover any supply chain disruptions or material shortage issues. In a time period when inflation is accelerating and there is great uncertainty as to how high it will get and how long it will last, that is an understandable business practice on the part of subcontractors.

The low bid of Morcon Construction of \$15,555,083 results in an estimated all-in construction cost of \$16,850,000, which would require the commitment of \$2,850,000 of additional resources. The low bid is valid for a period of 60 days.

Dave Maroney then walked the Board through four different options to adjust the project scope to get it within the original \$14,000,000 estimate. He noted that each of the four options has significant deficiencies for the long term. Mr. Bourgeois noted that all the data indicates that the current bid price is the current market price for construction of the VANTAGE MOMENTUM building as currently designed, and given economic conditions, is the lowest price the District can get at this time for the construction of the building plan.

Mr. Bourgeois then walked through the Board through the status of the District's OPEB Revocable Trust Fund and the possibility of drawing from that fund to finance the additional costs. Highlights of his presentation included the following:

Funding Resources for VANTAGE/MOMENTUM Facility - \$16,850,000 All-In Cost

- \$7,000,000 from 2022A Bonds
  - Annual payments of \$416,509 funded from Operating Capital, primarily with \$320,000 annually shifted from Baker Road lease payments when lease expires
- \$7,000,000 from OPEB Revocable Trust Excess Assets
- \$2,850,000 from OPEB Revocable Trust Excess Assets (possibly)
- OPEB Trust Total Assets will be at an estimated \$16,089,494
- OPEB Liability is projected to be at \$10,587,615 on June 30, 2022

- Excess Assets above the liability will be at an estimated \$5,501,879
- Total Assets will be an estimated 146% of the OPEB Liability

Mr. Bourgeois also walked the Board through an estimate of the potential revenue generation from the additional 300-student capacity at Grades 9-12 that will materialize when the VANTAGE MOMENTUM building is complete and open for operations. He concluded by saying that the recommendation from Administration is that the Board approve the low bid of MORCON Construction in the amount of \$15,555,083.

Becker moved, Wagner seconded, that the Board approve the following motion:

*BE IT RESOLVED, that the School Board of Minnetonka Independent School District 276 does hereby accept the bid of MORCON Construction in the amount of \$15,555,083 for the construction of the VANTAGE/MOMENTUM Building at 5735 County Road 101, Minnetonka, MN.*

In the discussion that followed, Mr. Maroney noted that were the Board to opt for a smaller building and then build an addition in the future, that addition could be twice as expensive as it would currently be now. He strongly advised the Board to construct the entire facility now. Dr. Peterson concurred, saying that the Board has the opportunity to construct a facility that will meet the needs of the program for years to come, and it can be built at no cost to the taxpayers. Board member Becker noted that the OPEB Advisory Committee, of which she is a member, had recently met and had expressed their support of using additional monies from the OPEB Fund to construct the building. Board members Wagner, Ambrosen, Lee-O'Halloran, Becker and Selinger all commented in support of accepting the bid.

Upon vote being taken thereon, the motion carried unanimously.

### **3. ADOPTION OF VISION DOCUMENT**

Chairperson Vitale noted that the Board had recently completed its review of the Vision document, and all of the recommended text changes had been incorporated in the updated draft of the document that was in front of the Board that evening. He also thanked Executive Director of Communications Dr. JacQui Getty and members of her team for the updated graphics and photos throughout the brochure.

Ambrosen moved, Odom seconded, that the Board approve the Vision document as presented. Upon vote being taken thereon, the motion carried unanimously.

### **4. ADJOURNMENT**

Selinger moved, Wagner seconded, adjournment to Study Session at 7:00 p.m. Upon vote being taken thereon, the motion carried unanimously.

*Lisa Wagner*

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Lisa Wagner, Clerk