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February 19, 2018

Ms. Sarah Mittelstadt, Director
Southern Plains Education Cooperative
201 East 3rd Street
Fairmont, MN 56031

Re: Kraus-Anderson Construction Company Planning and Construction Management Services

Dear Director Mittelstadt:

On behalf of Kraus-Anderson, I appreciate the opportunity afforded me to work with you in recent years towards facility planning for Southern Plains Education Cooperative. As you know, we have studied a number of facility options and alternatives to meet the learning program needs of the students served by SPEC and its member districts. This work has included studies ranging from a new facility to repurposing and remodeling at existing buildings, as well as the cost budgets for each alternative.

Currently we have been focusing with you on a long-term facility solution that would involve a remodel of the old Lincoln School building in Fairmont, along with a small addition to accommodate both programs and administration for the Cooperative.

KA is confident that together we can create a trusting team and process for a successful project that meets your financial (funding) feasibility, as well as specific teaching and learning space required by the various student programs you serve. With that in mind, we would like to present our proposal for Southern Plains Education Cooperative to engage Kraus-Anderson as Construction Manager to move forward with the next phase of planning, design, bidding, and construction as required to meet your needs.

The following is a detailed description of services to be performed by KA at critical phases:

PLANNING & FUNDING PHASE

Kraus-Anderson has already been serving Southern Plains Education Cooperative in this area for some time now, along with Springsted as your fiscal consultant. We are ready to work with you, your board and member district leaders to finalize the planning and funding phase for the Lincoln School. In this effort, we would help SPEC in the selection of appropriate architectural and engineering consultant services in order to refine the scope and budget for the Board's final approval.

DESIGN PHASE

As a strong team member, Kraus-Anderson will continue to provide a thorough review and evaluation of your program and building requirements. We will interface with the architect and engineering consultants, to ensure the design meets SPEC's needs and goals. At each major phase of design, we will provide detailed cost estimates, milestone schedule, and constructability analysis for all major building systems and components. Kraus-Anderson understands the potential complexity of the intended project and the need for coordination, sequencing and phasing of these types of projects, as well as state and local approvals. We will ensure that staff and stakeholders continue to have input throughout the design phase.

The following represents a summary of tasks to be performed during this design & pre-construction phase:

- Project planning & coordination of all scope components
- Overall budget tracking / estimating
- Project milestone plan
- Meetings with staff and other stakeholders to ensure strong communication of events planned
- Attend team design meetings as needed
- Plan review for completeness and clarity
- MEP review (In-house engineer review of mechanical and electrical systems)
- Quality review (In-house architect constructability review)

BID PHASE

As Construction Manager, Kraus-Anderson will competitively bid all categories of the work (multiple primes), review bids with you the owner, and recommend Board award of bids for the lowest qualified bidders. KA has extensive construction project experience in and around the Fairmont area, as well as your member districts. We will make every effort to involve local and regional bidder interest for the project by qualified contractors and suppliers within the area served by Southern Plains Education Cooperative. We will also work closely with the city and other government agencies to ensure that applicable permits are secured. During this phase, our project superintendent will continue to review the documents, and post any addendums as needed.

The following is a summary breakdown of work to be performed in this bidding phase:

- Narrate front end bidding requirements to be included in the bidding specifications
 - Consider early bid packages which may be required for long lead items
- Develop ads for bid for legal publication
- Create and communicate the expected construction schedule
- Conduct pre-bid walk-through of the existing facility
- Initiate the permitting process
- Post any addendums as issued
- Continued plan review
- Organize bid day operations
- Receive, publicly open, and review bids
- Meet with potential low bidders
- Write letters of recommendation for award
- Write contracts upon Board approval
- Collect required front-end paper work (insurances, bonds, etc.) from contractors
- Create shop drawing submittal logs
- Begin collecting and reviewing shop drawings
- Conduct kick-off construction meeting

CONSTRUCTION PHASE

Our construction phase services approach will provide a textbook delivery from start to finish. Our project superintendent, project assistant, and project manager have documented responsibilities to assure that your project is professionally represented. As part of our construction management services, we will assist in monitoring any 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, the architect, and other project consultants to promote strong communication throughout the entire construction process.

The following is a bullet point review of our services during this phase:

- Full time onsite supervision
- Project management and project assistant
- Conduct and record minutes of regular job-site project meetings
- Conduct foreman meetings with the trade contractors
- Maintain three week look ahead schedules
- Create and distribute meeting minutes
- Develop and maintain record logs to track submittals in process
- Track contract information (contract status, insurances, submittals, etc)
- Monitor overall budget
- Monitor work quality daily
- Monitor and enforce overall schedule
- Assist in coordinating installation of any owner purchased items
- Collect and process all pay applications on behalf of the owner
- Assist in monitoring and procuring general condition items, including 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

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 BREAKDOWN

Following is a breakdown of our fees per phase. Our assumption is a \$10.6M project amount, and that construction work would begin by fall, 2018.

Final Planning & Funding Phase

- Included in Construction Management Fee below.

Design Phase

- Included in Construction Management Fee below

Construction Phase Site Services – Full Time Supervision and Part Time Project Management

- The cost for the KA personnel serving the construction phase is already budgeted in the cost of construction. Upon finalization of project scope and timeline, Kraus-Anderson will provide a breakdown of these costs for review by the owner.

Close-Out Phase

- Included in Construction Management Fee below

Basic Construction Management Fee (KA Overhead and Profit)

- For the project scope and services described above, we propose a lump sum CM Fee of \$265,000. Upon acceptance of this proposal, Kraus-Anderson will execute a formalized AIA "Owner-Construction Manager" agreement with Southern Plains Education Cooperative.

I hope you will find this information useful. We are confident that Kraus-Anderson will provide a successful project with a particular focus which brings value to Southern Plains Cooperative, its member districts, students, and staff. If you have any questions regarding the enclosed information, please feel free to call me at (612)-865-0359.

Very truly yours,

KRAUS-ANDERSON® CONSTRUCTION COMPANY



Gary D. Benson
Director of Project Planning & Development

Proposal Acceptance:
If the above scope of services and terms are acceptable, please sign and return.

Date: _____

Signature: _____

Name / Title: _____