

FACILITIES COMMITTEE
Tuesday, September 20, 2011 8:30 AM

Boardroom / Teleconference
1820 Xenium Ln N
Minneapolis, MN 55441-3790

Agenda

1. North Education Center (NEC) Facilities Committee Agenda for September 20, 2011

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

GROUP: Facilities Committee

DATE: September 20, 2011

TIME: 8:30 – 10:30 AM

LOCATION: NEC Job Site

PROTOCOLS:

Decisions will be made via consensus on the agenda items.

CONVENER: Tom Shultz

FACILITATOR: Peyton Robb

ATTENDING:

LONG TERM PURPOSE

The Facilities Committee for the North Education Center project will provide oversight and direction to administration and bring recommendations to the full Board for approval as needed.

AGENDA ITEMS	OUTCOMES	TIME BUDGETED	ACTION
1. Tour of NEC Project	<ul style="list-style-type: none"> Committee members will view and understand level of project progress 	30 minutes Tom Shultz	
2. J.E. Dunn Construction Update	<ul style="list-style-type: none"> Committee members will receive construction update 	20 minutes Jeff Walker	
3. Weekly Risk Report, WRR	<ul style="list-style-type: none"> Committee members will understand the most recent Weekly Risk Report (WRR) 	15 minutes Jeff Walker Site Supt. Jeff Callinan Project Manager	
4. Change Orders	<ul style="list-style-type: none"> Committee will be asked to recommend change orders for Board approval C.O. #11 -\$6,923.00 Reduced Cost of C.O. 7 C.O. #12 \$24,795 Add VAVs to Conf. Rooms C.O. #13 \$14,738 Code revisions for plumbing C.O. #14 \$11,058 Fire Alarm revisions per code C.O. #15 \$5,476 Duct changes, beam conflict 	30 Minutes Tom Shultz Mark Thiede Jeff Callinan	

The mission of Intermediate District 287 Is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students.

	<ul style="list-style-type: none"> • C.O. #16 \$3,258 Coffee Shop revisions per code • C.O. #17 \$63,789 Geo Thermal Well Field voids issue • C.O. #18 \$32,241 Upsizing of transformer cable • Committee will determine if full Board will be asked to approve Change Orders in one motion or separate motions for each C.O. 		
5. NEC Finance Report	<ul style="list-style-type: none"> • The group will discuss the monthly NEC Finance Report and approve of its use each month. 	30 minutes Janet Johnson	
6. Emergency Preparedness Restoration	<ul style="list-style-type: none"> • Committee members will understand scope of agreement with ICC Restoration & Cleaning Services 	10 minutes Tom Shultz	
7. Lease Renewal w/Timberland Partners for VET Northland	<ul style="list-style-type: none"> • Committee members will understand 3-yr. lease renewal changes and recommend for approval on the consent agenda for the Sept 22nd Board meeting 	10 minutes Tom Shultz	

HANDOUTS:

1. Weekly Risk Detail
2. Weekly Risk Summary
3. Change Order Memo
4. NEC Monthly Finance Report
5. Emergency Response Memo
6. Lease Renewal Memo

NO	DATE ENTERED	RISK CATEGORY	RISK DETAILS	PLANNED RESOLUTION DATE	ACTUAL DATE RESOLVED	IMPACT TO OVERALL PROJECT DURATION	IMPACT TO OVERALL PROJECT COST	CHANGE ORDER NUMBER	PM SATISFACTION RATING
			<p>Please describe the details of the risk:</p> <ol style="list-style-type: none"> 1. What is the risk / why was it unexpected? 2. What will be done / what is plan to minimize this risk? 3. Who is responsible for resolving the issue? 4. What is an estimated impact of the risk? 5. Any updates to this risk (if applicable) 						
1	3/25/11	1) NO RISKS							
2	3/31/11	2) CLIENT ISSUE / IMPACT	<ol style="list-style-type: none"> 1. Doboszinski may not complete Phase I to allow us to start on time (not our contract). 2. We have some limited flexibility if they can complete Area A by 4/15/11 3. Doboszinski and Intermediate District #287 4. Estimated time schedule delay of TBD days. 5. 	4/15/11	4/15/11	0	\$0	0	10
3	3/31/11	4) DESIGN ISSUE / IMPACT	<ol style="list-style-type: none"> 1. TSP to provide a coordinated 'construction set' of drawings prior to 4-15-11 2. Keep open dialogue with the design team to help resolve any potential issues. 3. TSP 4. Estimated time schedule delay of TBD days. 5. Plans Received. Are being reviewed and will follow up with appropriate pricing. 5/20/11 - Pricing is being reviewed. Please see item 11 below. This item closed 	6/15/11	6/10/11	0	\$0		10
4	4/8/11	1) NO RISKS	No risks identified this week.						
5	4/15/11	1) NO RISKS	No risks identified this week.						
6	4/22/11	1) NO RISKS	No risks identified this week.						
7	4/29/11	1) NO RISKS	No risks identified this week.						
8	5/6/11	1) NO RISKS	No risks identified this week.						
9	5/13/11	1) NO RISKS	No risks identified this week.						
10	5/20/11	1) NO RISKS	This risk was moved to the RMP list per the direction of ASU						
11	5/27/11	2) CLIENT ISSUE / IMPACT	<p>Please describe the details of the risk:</p> <ol style="list-style-type: none"> 1. Pricing based on design details has come in higher than the Allowance used at time of contract. 2. JED is reviewing pricing supplied and details behind differences to ascertain correctness of price. Upon completion, pricing will be reviewed with design team. 3. The project team. 4. Unknown at this time. 5. The allowances came in over budget due to various items (material cost increases, changes in the scope of the item, errors in drawings, etc.). The issues and pricing are currently being worked through by the architect and JED to reduce cost overrun. Since the amount has not been determined, it does not meet criteria of risk set by program, so JED has removed it from the risk tab and added it to the RMP tab. They are being added (see below) as individual risks by Allowance number as they are complete in lieu of being lumped together here. This item will be closed. 	7/15/11	7/8/11 - moved to RMP tab as noted in risk details Closed 9/2/11	0	See individual items		1
12	6/10/11	1) NO RISKS	This risk was moved to the RMP list per the direction of ASU						

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13	6/10/11	1) NO RISKS	This risk was moved to the RMP list per the direction of ASU						
14	6/17/11	1) NO RISKS	No risks identified this week.						
15	6/24/11	1) NO RISKS	No risks identified this week.						
16	7/1/11	5) UNFORESEEN IMPACT	<p>Please describe the details of the risk:</p> <ol style="list-style-type: none"> 1. During drilling of the geothermal wells, the driller has encountered a void in the field in the SE corner. To date, they have lost a drill bit in one of the holes and drilling mud in two others in the field. We are working to identify the extent of the field. It was unexpected due to being an Unforeseen condition. 2. As noted, we are working to identify the extent of the field and will then request guidance from the engineer with regards to relocation of the holes that are affected. To minimize risk, we have held off drilling in the supposed area as part of trying to locate the extent of the void. 3. Currently, the ball is in the contractor's court until such time as the field is identified. 4. See the column to the right. 5. 7/22/11 Update. There are 4 holes to date with issues. One has been corrected. One is lost and we need the State back to move forward. The third one has been successfully grouted and redrilling will happen next week. The last hole will be grouted early next week. 7/29/11 Update: We are still waiting to here form the state on hole 204. Hole 194 is complete. Hole 200 is grouted - drilling to follow. 8/5/11 Update - Holes 200 and 194 are complete. Waiting to hear from MDH on hole 204. 8/12/11 Update. All work is complete and pricing is in for review. In addition to the issues with the three holes noted above, fluid loss due to voids was encountered during drilling of 15 additional holes. 	8/1/11	8/5/11	0	\$63,789	Pricing submitted for review	
17	7/8/11	5) UNFORESEEN IMPACT	<p>Please describe the details of the risk:</p> <ol style="list-style-type: none"> 1. The Minnesota State Government shut down over a budget impasse. The electrical inspection is being done by an independent contractor for the State of MN. He can not work until the State budget is settled an the Government opens for business. 2. We can proceed with the rough in for the SOG and SOD in area A. We can also continue with the block rough in areas B1 and B2. We can continue with all work up to the point where we begin to cover electrical. I would assume we can do roofing as long as there is no conduit running between the membrane and deck. Immediate impacts would be no underground (duct banks, direct bury, etc), no SOG or SOD work in any other areas. No drywall or ceilings can be done (which hopefully we have a budget before then). We have already talked to the inspectors and the City of New Hope. We do not have the choice to use an independent contractor - the current inspector is an independent contractor. The state has told the City that short of a referendum by the council (which we figure would take more time than the budget should), we cannot cover up electrical work until it is inspected by the state. Nothing more we can do to control or minimize the risk. 3. The Governor of Minnesota and State of Minnesota House and Senate 4. No way to estimate at this time. 5. 7.22 11 Update. Special session is ongoing with a deadline of 7/21/11 to get everything passed. Hopefully State will be open for business next week. 7/29/11 Update - The state is back in business and inspectors are back working 	7/25/11	7/25/11	0	0		10

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18	7/15/11	1) NO RISKS	No risks identified this week.						
19	7/22/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. Allowance Item 1 and 2 were for changes to doors and hardware per Code official reviews. Costs were over the allowance due to differences in changes from allowance review and final code requirements 2. It will be built per code. / Plan to minimize risk was inclusion of alternate at time of contract.	7/18/11	7/18/11	0	\$7,788	3	10
20	7/22/11	2) CLIENT ISSUE / IMPACT	Please describe the details of the risk: 1. Allowance Item 4 was for the addition of a trustwater system in the kitchen, which was a change in the scope. Final costs came in under the allowance. 2. The pricing for the system was accepted by the owner and included in the contract.	7/18/11	7/18/11	0	-\$2,405	4	10
21	7/22/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. Allowance Item 8 was for the addition of non-rated access panels in the kitchen exhaust system. The subcontractor was able to minimize the cost by including the doors as a no cost change in the contract.	7/18/11	7/18/11	0	-\$2,300	5	10
22	7/22/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. Allowance Item 9 was for changes to the size and make up of ERU No. 3. During the allowance setting meeting, the pricing was provided to enlarge ERU No. 2. When the drawings were issued, ERU No. 3 was the one enlarged. This unit is an exterior unit and thus more expensive. 2. The owner accepted the pricing and a change order was issued.	7/18/11	7/18/11	0	\$38,189	7	10
23	7/22/11	2) CLIENT ISSUE / IMPACT	Please describe the details of the risk: 1. Allowance items 12, 13 and 14 were combined into one issue. Items 12 and 13 involved revisions to the ductwork of the air supply and exhaust and toilet exhaust systems due to code review comments. Allowance 14 was for the addition of a ionization system - a change in scope. The pricing for the three items came in under the budget set in the allowance. 2. The owner is proceeding with all of the changes.	7/18/11	7/18/11	0	-\$1,437	6	10
24	7/22/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. ASI 2 was issued to change some storm water piping sizes due to code review comments. 2. Piping size was changed.	7/18/11	7/18/11	0	\$2,886	1	10
25	7/22/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. ASI 8 was issue dot add door B212 to the door schedule. It was deleted sometime during the design process. 2. Door was added to the schedule.	7/18/11	7/18/11	0	\$2,145	2	10
26	7/29/11	1) NO RISKS	No risks identified this week.						
27	8/5/11	1) NO RISKS	No risks identified this week.						
28	8/12/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. Proposal request 7 was issued to provide piping chases in the data/server rooms in lieu of letting pipe be exposed in the space. The pipes would have been exposed due to the room needed to move around a beam under the floor. 2. The pricing was accepted and the chases will be built.	8/9/11	8/9/11	0	\$1,621	8	10

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29	8/12/11	2) CLIENT ISSUE / IMPACT	Please describe the details of the risk: 1. PR 6 was issued to revise the door schedule and make owner requested changes. Unexpected due to change in scope. 2. Door types are changed. Costs minimized by close review of original door/hardware revisions	8/9/11	8/9/11	0	\$1,551	9	10
30	8/12/11	4) DESIGN ISSUE / IMPACT	Please describe the details of the risk: 1. Door sizes into the gym were incorporated in to the contract drawings at the wrong size. ASI 11 changed the door sizes. 2. Door frames were reordered the correct size. Original frames were already on site.	8/9/11	8/9/11	0	\$10,417	10	10
31	8/19/11	5) UNFORESEEN IMPACT	Please describe the details of the risk: 1. Contaminated soil was found in the area north of Area A where the geothermal well trenching is ongoing. 2. Braun was called in to test the material. The material was found to have some oil based contaminant, but not enough to be removed. It will be used under the paving. 3. The project team 4. At this time, for the JED contract, \$0. Braun's contract is with the owner. I am sure there will be a bill for the testing, but I won't see it. 5. Closed as a no cost issue for JED. Material will be used under parking to contain on site. I do not know if there are any costs for the owner from Braun for testing.	8/19/11	8/23/11	0	\$0	N/A	
32	8/26/11	1) NO RISKS	No risks identified this week.						
33	9/2/11	5) UNFORESEEN IMPACT	Please describe the details of the risk: 1. Due to the way above average rainfall this year on the site, we are having issues with the on site material being used for pipe bedding and backfill. This was unforeseen because the rain quantities are way above normal. There is also the inconsistency when dealing with soil (some have areas have had issues, others have not been a problem). 2. With regard to pipe bedding, we are bringing in offsite material. We have asked for direction from the civil engineer on (1) what do to with left over material (from use of offsite sand), (2) direction on how to address high moisture content on the back fill we need to reach to 100% density on in final 3' lift under paving and (3) direction on how to address high moisture content on the lower levels of back fill (up to final 3') we need to reach 95% density. 3. It will require a team review and decision. 4. To be determined after review with the engineer. 5. 9/9/11 - Over the past week, we have completed multiple areas without compaction issues. Sand is still required at the bottom of the trenching	9/9/11		0	No estimate at this time		

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34	9/9/11	4) DESIGN ISSUE / IMPACT	<p>Please describe the details of the risk:</p> <ol style="list-style-type: none"> 1. The terrazzo for the project is thin set directly on the concrete. In some of the terrazzo areas, there is underslab heating. The concrete subcontractor noted in the coordination meeting a concern with the concrete cracking in the future above the heating tubes. If the slab under the terrazzo cracks, the crack will be transmitted through the terrazzo. 2. Wire mesh will be added over the tubes under the terrazzo to help control cracking. 3. The project team reviewed it the coordination meeting. The designers reviewed the concern and added the mesh. 4. (A) Cost of the mesh (TBD) and (B) future cracking 5. New risk 	9/19/11		0	No estimate at this time		

Intermediate District 287

Weekly Risk Report

September 2, 2011

Project Name: North Education Center	Risk Rating: <u>1.0</u>
Project ID: 12/1/2010	Percent Complete: <u>52%</u>
Contractor: JE Dunn	Overall PM Risk Satisfaction: <u>9.4</u>
Project Type: General Construction	Risks: <u>18</u>
Award Method: RFP - PIPS Best Value	Risks Unresolved: <u>3</u>
	Risks resolved but no Change Order: <u>3</u>

Cost Analysis

Allocated Funds:	<u>\$27,100,000</u>
Awarded Cost:	<u>\$25,987,230</u>
Potential Cost Increases:	<u>\$122,244</u>
Potential Final Cost	<u>\$26,231,718</u>
Actual Cost Increases:	<u>\$122,244</u>
<u>Actual Final Cost:</u>	<u>\$26,109,474</u>
Percent Increase in Cost	<u><u>0.5%</u></u>

Schedule Analysis

Notice to Proceed Date:	<u>3/24/2011</u>
Original Completion Date:	<u>8/24/2012</u>
Potential Project Delays:	<u>0</u>
Potential Completion Date	<u>8/24/2012</u>
Actual Project Delays:	<u>0</u>
<u>Actual Completion Date:</u>	<u>08/24/12</u>
Percent Delayed	<u><u>0.0%</u></u>

Contractor Change Order Rate	<u>0.0%</u>
Non-Contractor Change Order Rate	<u>0.5%</u>
Contractor Delay Rate	<u>0.0%</u>
Non Contractor Delay Rate	<u>0.0%</u>

Project Schedule Analysis	Total Number of Risks	Potential Schedule Impacts	Potential Cost Impacts	Actual Schedule Impacts	Actual Cost Impacts
1) NO RISKS	16	0	\$ -	0	\$ -
2) CLIENT ISSUE / IMPACT	5	0	\$ -	0	\$ (2,291)
3) CONTRACTOR ISSUE / IMPACT	0	0	\$ -	0	\$ -
4) DESIGN ISSUE / IMPACT	9	0	\$ -	0	\$ 60,746
5) UNFORESEEN IMPACT	4	0	\$ -	0	\$ 63,789
	18	0	\$0	0	\$122,244

Intermediate District 287

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INTER-OFFICE MEMORANDUM

Date: September 20, 2011

To: Board Facilities Committee

From: Thomas Shultz, Director of Facilities

RE: NEC Change Orders

The following is a list of Change Orders (Cos) for the North Education Center construction project that reflects known changes to date. According to the Board-approved decision making process, *Levels of Authority*, those items that are less than \$10,000 may be approved by District Administration (CO #11, 15, 16). Change Orders that cost between \$10,000 and \$25,000 may be approved by the Facilities Committee and presented to the full Board for approval on the Consent Agenda (CO #12, 13, 14). Those items that will cost over \$25,000 (CO #12, #17 and #18) require formal full Board approval (CO # 17 and 18). The total cost is \$148,532. Board approval is requested.

Administration Decision

Change Order #11	Credit from CO #7 (\$38,189)	-\$6,923
Change Order #15	Cost to reroute duct as a large section of duct work and a large steel beam attempting to occupy the same space.	\$5,476
Change Order #16	Health Department requirements in the Jitter Bug Café space (including increased lighting levels and a backflow preventer in the water system.	\$3,358

Facilities Committee Decision

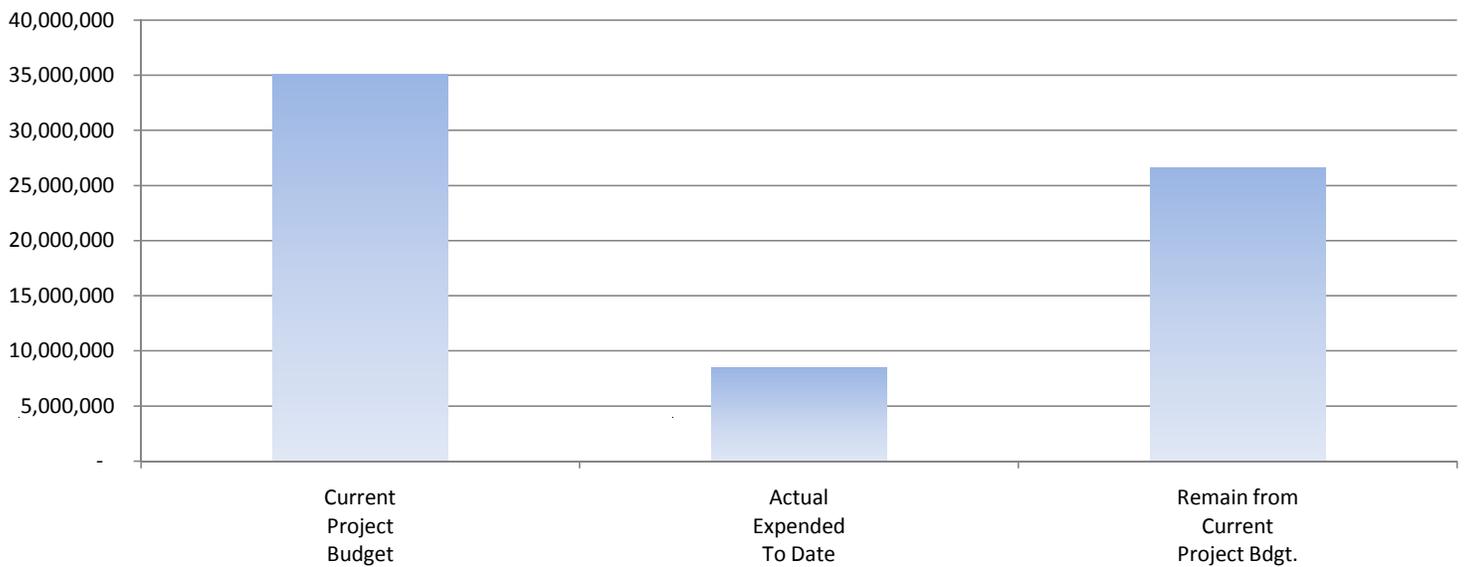
Change Order #12	Additional ventilation including the addition of 3 VAVs for due to a large amount of exterior glass in three conference rooms	\$24,795
Change Order #13	Allowance 5, 6 and 7 for storm sewer and sanitary sewer code requirements	\$14,738
Change Order #14	Fire code requirements of 4 pull stations, 4 strobes, 4 horn strobes, 2 beam detectors, 8 tamper switches, 4 flow switches and 11 duct smoke detectors.	\$11,058

Full Board Decision

Change Order #17	Due to 15 additional wells that had fluid loss in the drilling process beyond the original 3 that were first reported/known.	\$63,789
Change Order #18	Due to a miscalculation of wire size required for the transformers to be used on site.	\$32,241

ISD 287						
NEC Project- Finance Report:				(thru 8/31/11)		
Crs	Category	Original Project Budget	Approved Contingency Use	Current Project Budget	Actual Expended To Date	Remain from Current Project Bdg.
500	Land Purchase	1,175,000	-	1,175,000	1,182,400	(7,400)
500	Construction Cost	27,475,252	776,869	28,252,121	5,579,778	22,672,343
501	Design & Consultant Fees	2,208,411	-	2,208,411	1,546,824	661,587
502	Owner Administrative Costs	311,066	-	311,066	189,038	122,028
503	Furnishings, Fixtures & Equipment	2,572,239	-	2,572,239	-	2,572,239
500	Construction Contingency	1,357,613	(776,869)	580,744	n/a	580,744
		35,099,581	-	35,099,581	8,498,040	26,601,541

NEC Project- Finance Report
Project work through 8/31/11



Contingency Use:

Description	Amt.	To	Aprvl. Date	Approved By
Beginning Balance	1,357,613			
- Tree removal for site prep	\$ 3,150	Doboszinski & Sons	9/23/2010	Admin
- Site fencing	11,800	Hansen Bros. Fence	4/19/2011	Committee
- Soil correction- Phase I	36,570	Doboszinski & Sons	4/28/2011	Comm/Board
- Hydrant removal- east side	2,486	Doboszinski & Sons	4/28/2011	Admin
- AIA Chg Ordr 1- sewer pipe size	2,886	JE Dunn	7/19/2011	Admin
- AIA Chg Ordr 2- door revisions	2,145	JE Dunn	7/19/2011	Admin
- AIA Chg Ordr 3- allow. items 1 & 2	7,788	JE Dunn	7/19/2011	Admin
- AIA Chg Ordr 4- electr. revisions	(2,405)	JE Dunn	7/19/2011	Admin
- AIA Chg Ordr 5- kitchen exhaust	(2,300)	JE Dunn	7/19/2011	Admin
- AIA Chg Ordr 6- ductwork revisions	(1,437)	JE Dunn	7/19/2011	Admin
- AIA Chg Ordr 7- changes in ERU #2	38,189	JE Dunn	7/28/2011	Comm/Board
- AIA Chg Ordr 8- pipe chase/cablig	1,621	JE Dunn	8/10/2011	Admin
- AIA Chg Ordr 9- door change	1,551	JE Dunn	8/10/2011	Admin
- Demountable wall upgrade	664,409	Hendricksen PSG	8/25/2011	Comm/Board
- AIA Chg Ordr 10- enlarge frames	10,417	JE Dunn	8/25/2011	Committee

	Total approved to-date	776,869				
- AIA Chg Order 11- Fin tube radiation/pumps		(6,923)	JE Dunn		Pending	
- AIA Chg Order 12- VAV/HVAC ducts		24,795	JE Dunn		Pending	
- AIA Chg Order 13- Sanitary/Storm Sewer		14,738	JE Dunn		Pending	
- AIA Chg Order 14- Fire Alarm requirements		11,058	JE Dunn		Pending	
- AIA Chg Order 15- HVAC Duct Revisions		5,476	JE Dunn		Pending	
- AIA Chg Order 16- MN Health Dept. revisions		3,258	JE Dunn		Pending	
- AIA Chg Order 17- Voids at geothermal wells		63,789	JE Dunn		Pending	
- AIA Chg Order 18- Upsize transformer cable		32,241	JE Dunn		Pending	
- HVAC		60,000	Jaytech		Pending	
	Total pending to-date	208,432				
9/20/11 - Balance		\$ 372,312				

Intermediate District 287

Responsive. Innovative. Solutions

INTER-OFFICE MEMORANDUM

Date: September 20, 2011

To: Board Facilities Committee

From: Thomas Shultz, Director of Facilities

RE: Emergency Preparedness Restoration

This summer of 2011 has provided numerous opportunities for many organizations in the Twin Cities Metro area, across the upper Midwest and across mid-America to test their ability to respond to emergency circumstances. Most organizations, such as Intermediate District 287, do not have the in-house resources to fully respond to a major building emergency, i.e. fire, storm damage or major mechanical failure. This being the case, some companies in related types of industries have developed plans to provide response services to organizations such as Intermediate District 287. Agreements with such response service organizations cost the potential users nothing to have in place. While not having such a service contract could potentially result in a delayed response, having a contractual agreement could provide an expedient method of responding to an emergency.

ICC Restoration and Cleaning Services approached me regarding providing just such services for ISD 287. During my career in Facilities Management, there have been opportunities to make use of these services mentioned. I have been involved when there was a contracted company in place, and also when there was not such a service in place. The ability to respond and recover with this type of service agreement in place was extremely valuable to my organization at the time, and will prove to be equally valuable to Intermediate District 287 should the need ever arise.

I am asking for the Board Facilities Committee to recommend that District 287 enter into an agreement with ICC Restoration & Cleaning Services.

Intermediate District 287

Responsive. Innovative. Solutions

INTER-OFFICE MEMORANDUM

Date: September 20, 2011

To: Board Facilities Committee

From: Thomas Shultz, Director of Facilities

RE: Recommendation for Board Approval of VET Northland Lease Amendment

The current lease with Timberland Partners for the VET Northland program located at 8601 73rd Avenue North, Brooklyn Park, MN 55428 will terminate 7/31/12. We have received a *Sixth Amendment to Lease*, which is actually a lease renewal. It is recommended to the Board Facilities Committee that ISD 287 renew this lease for an additional 3 years, and present to the formal Board for approval as a Consent Agenda item at the September 22, 2011 Board meeting.

The new lease term would run from 8/1/12 to 7/31/15 for approximately 5,448 sq. ft. of space. The 3-year lease term will be as follows:

Term	Monthly Base Rent	Base Rent in Term
8/1/12 to 7/31/13	\$2,475.00	\$29,700.00
8/1/13 to 7/31/14	\$2,550.00	\$30,600.00
8/1/14 to 7/31/15	\$2,600.00	\$31,200.00

There is a one-time early renewal bonus of \$5,000 that can be used either to offset the rent or to improve the premises. This credit will be applied if signed Lease Amendment is received by landlord no later than October 15, 2011. Operating expenses for calendar year 2011 are \$3.50/sq. ft. or \$1,589 per month and are subject to change throughout the term of the agreement.

It should be noted that the first year of the renewal (8/1/12 – 7/31/13) is actually a small reduction of our current base rent of \$2,550. Operating expenses are currently at the calendar year 2011 amount noted above (\$1,589).