New Educational Service Center

Development Contract
Pre-reading for Board of Education
October 12, 2010
Getting to Construction

- May 2010: Board of Education authorized the negotiation of a contract with Mortenson/Legacy
- June 2010: Board of Education approved $856,000 Letter of Engagement for project development with Mortenson/Legacy
- Summer 2010: District staff engaged in an extensive visioning/design process/contract negotiations

**October 12, 2010:** Development and architect contracts to Board of Education for approval
Review of Project Rationale

- Current district administrative spaces are not adequate to meet the needs of the district – today and in the future
- District occupies twice as much administrative space as is needed
- Current distribution of administration staff among four locations is operationally inefficient and expensive
- Doing ‘nothing’ costs more than building a new administrative building:
  - Currently spend $\approx 3$ million per year on operating and maintenance costs, which would be reduced to less than $1$ million in the new, consolidated ESC
  - Expensive capital improvement costs for existing buildings would be avoided
Project Vision Statement

The Minneapolis Public Schools would like to consolidate central administration staff to one location that is flexible enough for the future needs of the district, serves as a beacon for future success and is a welcoming hub for all members of our community.

The new headquarters will provide financial savings, be a model of environmental sustainability for our city and region and enhance equal employment and business opportunities for minorities and women.
Vision: Welcoming Hub

- Adult Basic Education – Northside
- Northside Welcome Center
- ELL and kindergarten testing
- Professional development classrooms
- Conference center and community meeting space
- MPS student and staff art gallery
- MPS service center
- Board of Education Assembly Room
- Employee wellness clinic
Vision: Flexible

Serves multiple functions:

- Open collaborative spaces
- Appropriate work arrangements
  - Design facilitates easy cooperation among colleagues
  - Hotelling space available for visiting staff or contractors
- Ample space for professional development and staff conferencing
- Welcoming environment for students, families, staff and community members

Standardized work stations to allow for easy moves in the future
Vision: Consolidated Staff

- Administrative offices:
  - Alternative and Extended Learning
  - Athletics
  - Career and Tech Education
  - Communications
  - Community Education
  - Curriculum and Instruction
  - Early Childhood Education
  - Emergency Management/Safety and Security
  - English Language Learners
  - Equity and Diversity
  - Facilities
  - Family Engagement
  - Finance

- General Counsel
- Human Resources
- Indian Education
- IT Services
- Office of New Schools
- Office of Student Affairs
- Office of Turnaround Schools
- Research, Evaluation and Assessment
- Resource Development
- School and Student Support
- Special Education
- Student Activities
- Superintendent
Vision: Community

Meet community needs:

• Building integrated into the neighborhood
  • Main entrance located on West Broadway
  • Large windows, images, plaza provide grand front entrance for community
• Front part of building has community focus
  • Board room
  • Conference space
• Meeting space available for community organizations and businesses
• Share off-peak parking with surrounding churches/organizations
• Community hub for ABE students and Northside Welcome Center families
Vision: Community (cont.)

Support economic development:

• Catalyst for growth and stability on West Broadway
  • Partnerships with the city of Minneapolis, City Council, West Broadway Coalition
  • Dedicated to supporting participation of women and minority business enterprise
    • Will exceed goals for WMBE participation
    • Mortenson/Legacy: proven leader in field of workforce diversity
Vision: WMBE

Minority- and Women-Owned Businesses

<table>
<thead>
<tr>
<th>Original RFP/Contract Goals</th>
<th>Stretch Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% Minority</td>
<td>17% Minority</td>
</tr>
<tr>
<td>10% Women</td>
<td>13% Women</td>
</tr>
</tbody>
</table>

Workforce

<table>
<thead>
<tr>
<th>Original RFP/Proposal</th>
<th>Contract Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% Minority (unskilled)</td>
<td>25% Minority (no distinction btw. skilled and unskilled)</td>
</tr>
<tr>
<td>8% Minority (skilled)</td>
<td></td>
</tr>
<tr>
<td>4.5% Women</td>
<td>5% Women</td>
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</table>
Vision: WMBE (cont.)

- Board establishes *Minority, Women and Diverse Business Participation Oversight Committee*
- Two Minneapolis school board members and five voting members:
  - Velma Korbel, Director, City of Minneapolis, Civil Rights Department
  - Luz Maria Frias, Director, City of St. Paul, Human Rights and Equal Economic Opportunity Department
  - Craig Taylor, Director, Office of Business and Community Economic Development, University of Minnesota
  - Jordan Park Community Representative, designated by Councilmember Don Samuels
  - Bishop Richard D. Howell, Jr., Bishop, Shiloh Temple International Ministries.
- Monitor and evaluate participation of minority, women and diverse businesses in ESC construction
- Review reports provided by the MPS Office of Equity and Diversity
- Certify that Mortenson/Legacy met or exceeded minority, women and diverse business participation goals for the construction
Vision: Environmental Sustainability

Planned environmental/economic sustainability strategies:

• Pursuing at least LEED-NC silver and B3 certification
  • White roof to reduce heat gain
  • Efficient HVAC
  • Daylight harvesting
  • Use of existing land/property
  • Low-E glass throughout building
  • Solar PV (Photovoltaic) array for electrical generation
  • Storm water capture
  • Plantings

• Design process included participation in Xcel ‘Energy Design Assistance’ Program
  • Improve building’s energy efficiency
  • Reduce operating cost and carbon footprint
## Cost Comparison

<table>
<thead>
<tr>
<th></th>
<th>April Proposal 163,000 Sq. Ft</th>
<th>Current Contract 173,000 Sq. Ft.</th>
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</thead>
<tbody>
<tr>
<td>Building Development</td>
<td>$0</td>
<td>$35,615,164</td>
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<tr>
<td>Architect</td>
<td>$0</td>
<td>$1,260,120</td>
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<tr>
<td></td>
<td><strong>SUBTOTAL</strong></td>
<td><strong>$32,393,014</strong></td>
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<tr>
<td>Tenant improvements</td>
<td>$1,632,650</td>
<td>$0</td>
</tr>
<tr>
<td>Northside Welcome Center &amp; ABE</td>
<td>$1,738,333</td>
<td>$0</td>
</tr>
<tr>
<td>Northstar</td>
<td>$0</td>
<td>$400,000</td>
</tr>
<tr>
<td>Furniture, Fixtures, Equipment (FFE)</td>
<td>$2,257,500</td>
<td>$2,257,500</td>
</tr>
<tr>
<td>Moving</td>
<td>$548,530</td>
<td>$548,530</td>
</tr>
<tr>
<td>IT Move / FFE</td>
<td>$2,590,000</td>
<td>$1,160,000</td>
</tr>
<tr>
<td>District contingency / administrative overhead</td>
<td>$1,267,720</td>
<td>$451,433</td>
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<tr>
<td></td>
<td><strong>SUBTOTAL</strong></td>
<td><strong>$10,034,733</strong></td>
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<tr>
<td></td>
<td><strong>PROJECT TOTAL</strong></td>
<td><strong>$42,427,747</strong></td>
</tr>
<tr>
<td>30 Year Net Present Value (NPV)</td>
<td>$75 million</td>
<td>$68 million*</td>
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</tbody>
</table>

Additional Costs/Features
- 10,000 additional square feet
- Incorporating Welcome Center
- Incorporating Adult Basic Education (ABE)
- Solar power
- Abatement/unstable soil conditions
- Wellness clinic
- Enhanced technology/video conferencing

* Reflects lower cost of bonds
Vision: Financial Savings

New ESC vs. Occupying Four Existing Administrative Buildings

<table>
<thead>
<tr>
<th></th>
<th>Existing Admin. Bldgs</th>
<th>New ESC</th>
</tr>
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<tbody>
<tr>
<td>NPV</td>
<td>$88 million</td>
<td>$68 million</td>
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<tr>
<td>Annual Operating Costs</td>
<td>$2.9 million</td>
<td>$950,000</td>
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</table>

*NPV = Net Present Value, or costs over a 30 year period translated to 2010 dollars*
Financing

- Administration, financial advisers, and bond counsel are evaluating the most cost effective financing model.
- Likely choice: Build America Bonds (authorized by the federal stimulus legislation).
- Probably a 25-year term with an annual interest rebate payment throughout the term of the bond = a very low interest rate.
- The District would issue the bonds in one of two ways:
  1. Directly, through an annual appropriation bond with the annual repayments to come from the District’s operating budget.
  2. Have the City of Minneapolis serve as a conduit where the City would own the building under a lease arrangement with the District, with ownership reverting to the District when the bonds term ends.
The Design
Specifications

- 173,768 square feet
- 354 parking stalls in current plan
  - 490-500 parking stalls when complete
- Two sections connected by a central spine
  - 4 floors in south portion
  - 5 floors in north portion
- Departments strategically located and designed to enhance collaboration and efficiency
- Internet-based VoIP telephone system
- Data center with disaster recovery provisions
- Designed to optimize accessibility and security
Design Renderings

Southeast side, looking northwest
Design Renderings (cont.)

Northwest side, looking southeast
1st Floor Diagram – South Building
Office Space Features

- Open concept work stations
- Hotelling spots scattered throughout
- Phone booths for confidential calls
- Informal huddle spaces
- Shared break rooms
- Variety of conference room sizes and configurations
- Wireless connectivity
- Shared printing/workrooms