

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: July 20, 2010

Agenda Item: Minnesota State Community and Technical College, Wadena Campus
Reconstruction Contract

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: Board Policy 5.14, Procurement and Contracts, requires pre-approval by the Board of Trustees for contracts, including amendments, with values greater than \$3,000,000.

Scheduled Presenter(s): Laura M. King, Vice Chancellor – Chief Financial Officer

Outline of Key Points/Policy Issues: On June 17, 2010 devastating storms caused severe damage in Wadena, Minnesota and at the Minnesota State Community and Technical College campus. Given the urgency of getting repairs underway, the college has entered into a Design-Build (D-B) contract to facilitate getting as much of the restoration work complete before classes begin in the fall.

Background Information: The College's main building sustained severe damage. With the skylight blown out by the tornado and several windows shattered from flying debris, water damage to the interior of the building was considerable. Roof damage was also apparent at several locations; however the overall integrity of the roof was maintained. The Wadena campus uses heating, ventilating, and air-conditioning (HVAC) rooftop units for the entire main complex. These units were all damaged to some degree and will require replacement. The college's line-worker pole barn collapsed entirely and two adjacent buildings also sustained damage. The estimated cost for restoring the college to pre-tornado conditions is in the \$3 to \$5 million range. Given the nature of the damage to the building, it is not unusual for the total scope of the restoration work to be unknown until repairs begin.

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MINNESOTA STATE COLLEGES AND UNIVERSITIES**

ACTION ITEM

**Minnesota State Community and Technical College - Wadena
Contract Approval Exceeding \$3 Million**

BACKGROUND

The purpose of this report is to seek Board of Trustees approval of a contract for restoration work from the tornado damage to the Minnesota State Community and Technical College -Wadena campus. Board Policy 5.14, Procurement and Contracts, requires pre-approval by the Board of Trustees for contracts with a value greater than \$3 million.

The Minnesota State Community and Technical College — Wadena campus was hit by a tornado on Thursday June 17, 2010 at approximately 5:00 PM. Given the time of the day and the advance warning, the campus was cleared of staff, faculty and students. As such, there were no injuries on site. However, there was one administrator who sustained injuries while at another location. The employee is now home recovering.

The college's main building sustained severe damage. With the skylight blown out by the tornado and several windows shattered from flying debris, water damage to the interior of the building was considerable. Roof damage was also apparent at several locations; however the overall integrity of the roof was maintained. The Wadena campus uses heating, ventilating, and air-conditioning (HVAC) rooftop units for the entire main complex. These units were all damaged to some degree and will require replacement. The college has been investigating an enhancement to their HVAC system over the last year which will be evaluated in the context of the overall reconstruction plan. In addition, the college's line-worker pole barn collapsed entirely and two adjacent buildings also sustained damage.

The college took actions to secure the buildings immediately after the tornado and proceeded with emergency cleanup operations over the next several days. Electrical, mechanical, roofing and structural inspections were conducted and both the state building inspector and the Fire Marshall cleared the main building for occupancy the following week. Staff returned to campus on Wednesday, June 23, and classes resumed at the college on Monday, June 28 except for one course at Central Lakes College and one at Verndale High School.

The State Risk Management Office, the Office of the Chancellor Director of Risk Management, and the insurance adjuster have assessed the damage. The estimated cost for restoring the college to pre-tornado conditions is in the \$3 to \$5 million range. Insurance proceeds will be the primary source for funds, with the potential of some assistance from

the Office of the Chancellor with un-programmed HEAPR monies. The college also anticipates applying to FEMA for financial assistance.

Given the urgency of getting repairs underway, the Office of the Chancellor worked with the college to undertake a Design-Build contract RFP. Design-Build contracts are unique in that there is one contract with a single entity for both the design and construction of a project. These contracts help to minimize the overall delivery schedule by overlapping the design and construction phase of a project. The system has previously used a Design Build contract for the Rochester Community and Technical College University Center Rochester (UCR) Stadium project completed in 2009. The goal is to re-occupy the building with much of the restoration work complete before classes begin in the fall.

Bids were opened and a Design-Build proposal was accepted on July 12, 2010. A contract between the College and the contractor with a total value not to exceed \$3M was executed. At this time, total restoration costs are not known. The agreement between the re-insurer, State Risk Management, the College and the Office of the Chancellor will be obtained prior to each phase of work performed under the Design-Build contract. Because total costs are anticipated to exceed \$3M the Board's approval is sought for a total Design-Build contract not to exceed \$5M. Once the scope, total cost, and timetable are known, staff will advise the Board. A full report at project completion will also be provided.

RECOMMENDED COMMITTEE ACTION:

The Finance, Facilities and Technology Policy Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees authorizes the chancellor or his designee designee to execute a Design-Build contract with _____for restoration work at the Minnesota State Community and Technical College - Wadena campus for up to \$5M as described herein.

RECOMMENDED BOARD OF TRUSTEES MOTION:

The Board of Trustees authorizes the chancellor or his designee designee to execute a Design-Build contract with _____for restoration work at the Minnesota State Community and Technical College - Wadena campus for up to \$5M as described herein.

Date presented to the Board of Trustees: July 20, 2010