



To: School Board of Independent School District #659

From: Sal Bagley | SB

Date: May 20, 2026

Comm. No: 242219

Subject: Independent School District #659
Northfield High School Addition and Renovation - Update to School Board

Below is a summary update on the Northfield High School project. The last update was on April 27, 2026 and a significant amount of progress has happened since that time. This update will cover where the project stands and what the plan is going forward.

March 23, 2026 Bid Day Recap and Key Messages, Budget Overview:

- A. Our original bid opening was on March 23, 2026 and while we received 77 bids - we would have hoped for more than 100 bids.
- B. We did not have a competitive bid day for all aspects of the project. While many bid packages had significant competition, three major packages (masonry, precast concrete, and structural steel) only had one bid each, despite having multiple companies attend the pre-bid walkthrough:
 1. We have discussed it before but we understand the significant pressures happening in the precast concrete industry from other projects, and there is a limited bidder pool. Rebidding precast would not result in a different outcome and is a critical part of the project schedule.
- C. Some bids (specifically mechanical) were significantly higher than projected.
- D. Some of the lack of competition is directly related to competing local data center projects that are very large and reducing the available bidder pool. At least ten are being built in Minnesota at this time, tying up capacity for precast concrete and structural steel. In addition to a lack of competition for some scopes, other feedback we have received from bidders includes economic challenges especially related to tariffs and price of oil.
- E. In total, the bids were 20% higher than expected, or approximately \$19 million more than budgeted. We call these "hard costs" or construction costs. If nothing was done about this, the overall budget would be even more impacted as there are costs directly and indirectly related to construction cost. Some examples would be:
 1. Building Permit (based off construction cost).
 2. Recommended Project Contingency.
 3. Building Plan Review (based off construction cost).
 4. We are, of course, not proceeding with being \$19M over on hard costs - but it is important for all to understand there are correlations between hard and soft costs.



5. Throughout the project we have regularly analyzed the soft costs budget which are things like fees, permitting, testing, commissioning, studies and surveys, furniture, technology, etc.:
 - a. It was determined that including a significant portion of the technology work was advantageous to be bid out in the electrical contract, and a re-allocation from the "Technology" budget to the "Construction" budget was implemented - this is already reflected, effectively increasing the construction budget without changing the overall bond total.
 - b. We had a competitive bid day for electrical and it is one of the packages already awarded.
 - c. Funds remain in the technology budget for items not yet bid out.
 - d. No furniture funds have been expended at this time.

Plan of Action:

- A. The design team, contractors, Knutson, and District have pooled ideas for savings called Value Engineering. We have met multiple times a week since bid day to review the VE list and make decisions on items to accept - whether scope modifications, product substitutions, completely alternate ideas to implement the same scope, or changes to phasing.
- B. More than 150 items were pursued:
 1. More than \$10M of VE ideas were accepted and are included in the drawings out for re-bid.
 2. Many VE ideas had schedule / phasing / soft cost implications which took time to evaluate to ensure each concept was viable and an accurate estimate of value savings noted.
 3. Not all ideas were accepted for a variety of reasons:
 - a. Code compliance.
 - b. Anticipated savings not worth the loss (of function, etc.)
 - c. Prioritization of building envelope / key systems for longevity.
 - d. Avoidance of reductions that significantly modified bond referendum scope as approved by the voters.
- C. Overall strategy:
 1. Apply \$4M of additional interest earnings and bond premium.
 2. Take greater advantage of tax exempt purchasing, currently valued at \$2.5M of savings.
 3. Value engineer \$10M+.
 4. Utilize existing LTFM funding stream for qualifying expenses.
 5. Modifications to schedule.
 6. Additional competition from rebidding - challenging to put a value to.



Next Steps:

- A. As a reminder, 8 of our 23 worksopes have contracts awarded, all of which were on or under anticipated budget with the exception of Precast Concrete:
1. 3A – Structural Concrete.
 2. 3F – Precast Concrete.
 3. 7A – Roofing.
 4. 31A – Site Demolition, Earthwork and Utilities.
 5. 21A – Fire Suppression.
 6. 22B – Geothermal Wells.
 7. 8B – Aluminum Systems and Glazing.
 8. 26A – Electrical.
- B. For all remaining worksopes, below is the intended schedule:
1. May 21, 2026 – Wold issue bid documents.
 2. May 22, 2026 – Knutson posts to Exchanges and bid sites.
 3. June 3, 2026 – Pre-bid walk (7:00 a.m. before school starts).
 4. June 16, 2026 – Bids due (10:00 a.m.). Best Value team scores in the afternoon for 22A. Notify contractors for interviews by 4:00 p.m.
 5. June 17, 2026 – 22A Interviews in the morning. Send recommendations for all packages for Board packet by 1:00 p.m.
 6. June 24, 2026 – Special Board Meeting for award.