



FACT SHEET

Prior Lake Savage Area Schools' Agreements with Nexus Solutions

Long-Term Planning is Required to Manage Space Needs

In 2011, district staff conducted a preliminary study to assess the readiness of our school facilities for the needs of our students and staff. Three important project areas were identified:

- Over \$50 million in deferred maintenance needs in our 11 buildings – work that addresses structural problems or equipment that will wear out or fail over time without adequate maintenance.
- Most of our elementary and middle schools lacked secure entrances, making staff less able to manage security threats.
- Continued enrollment growth would result in buildings meeting or exceeding capacity limits, impacting class sizes and student service.

Over time, it was likely that Prior Lake-Savage Area Schools would need to ask for voter approval for a bond referendum. However, in the short-term, the School Board sought solutions to meet our needs without raising taxes – including existing facility funds, finding program efficiencies and refinancing debt to lower interest rates.

Why Does Prior Lake-Savage Area Schools (PLSAS) Need a Facilities Planning Firm?

After completing a large number of building projects between 1995-2005, our experience hiring and managing multiple consultants (architects, engineers, construction managers, etc.) left us looking for a better way to implement facilities plans in a cost-effective way. Since the district was considering multiple projects over many years, the School Board decided it would be best to work with a single firm – reporting to the School Board and district administration – to advise the school district and execute our plans.

Roles For Our Facilities Planning Firm

1. Conduct and update studies of space needs, maintenance and energy efficiency
2. Propose innovative solutions to the district's facilities needs
3. Manage professional consultants and their costs so they remain at (or lower than) industry standards
4. Work with district staff and outside consultants to efficiently execute facilities projects
5. Find innovative budget solutions to lessen local tax impacts

After issuing a public request to firms and interviewing the two companies capable of providing these services at the time, the Board chose Nexus Solutions because they would manage all project services from a single source, with price and savings guarantees. While 80 to 85 percent of the cost of these projects goes to construction labor and materials, the School Board looked to get the highest value from the professional fees.

Our contract with Nexus includes all subcontracts with other consultants that are necessary to bring the needed expertise to the projects. However, rather than managing a dozen or more consultants, the School Board can hold Nexus accountable for meeting our facility and financial goals.

Throughout the consultation, we have received options for all projects, then the Board made selections for the district and prioritized implementation. The end result has been more accountability -- all projects have been completed on time, on or under budget, with minimal change orders and no increase in local taxes.

PLSAS Projects with Nexus Solutions

COMPLETED WORK

1. **Facilities Audit (2012):** A comprehensive facilities audit of our 11 buildings was conducted by Nexus Solutions. Once completed, the findings and recommendations were presented to the Board, including technical and financial options to address deferred maintenance needs and operating efficiency, as well as increasing security to the entrances at many of our elementary and middle schools.

Project Cost: \$85,000
Professional Services: \$85,000 (Nexus and all sub-consultants)
Tax Impact: None – included as part of the district’s 2012 budget for facilities work.
Results: The School Board used the audit to prioritize the projects, minimize financial impacts and ensure long-term investments would make sense for students and staff.

2. **Maintenance and High School Addition (2012):** The School Board approved a plan to add 15 classrooms at Prior Lake High School, add artificial turf to fields at two stadiums, renovate school entrances for improved security and complete deferred maintenance such as roof, water and heating plant replacements. Nexus Solutions managed the design and implementation of the project.

Project Cost: \$34.8 million
Professional Services: \$5.3 million (Nexus and all sub-consultants) – 15% of project costs
Construction: \$29.5 million
Tax Impact: Existing debt and levies were restructured to allow the new project to be financed without an increase to the annual tax. Additional savings were found through efficiencies in the District’s maintenance and utility budgets.
Results: (A) Reduced overcrowding in classrooms, improved security at school entrances and addressed overdue maintenance.
(B) Completed on time, under budget and with minimal change orders.

3. **Energy Efficiency Performance Contract (2012):** The School Board approved a plan to make energy improvements – such as lighting, water, temperature control and backup generators. The School Board developed a performance contract with Nexus Solutions that required these investments to pay for themselves through guaranteed savings.

Project Cost: \$3.1 million
Professional Services: \$451,813 (Nexus and all sub-consultants) – 15% of project costs
Construction: \$2.65 million
Tax Impact: None – paid through the annual savings.
Results: (1) Annual savings \$265,573 (which exceeds guarantee)
(2) Guaranteed savings over 15 years is \$3,761,567

ONGOING WORK

1. **Referendum and Facilities Planning (2015-Today):** The school district entered into a Teaming Agreement with Nexus for assistance developing long-term solutions for growth, focusing on creating adequate education space and managing long-term tax impact to residents. The Team Agreement required Nexus to itemize fees for architecture, engineering and construction management, and meet industry standards for the costs of those services. Nexus does not receive any fees for this project unless local residents approve a referendum.

The School Board established Initial Facility Planning Goals, which Nexus used to prepare options from which the Board could pick a preferred solution. After careful review and community feedback, the Board chose the combination of improvements they believed were in the best interest of the community. A May 2016 referendum was unsuccessful, but the School Board is working on an updated plan to place before residents through a referendum in late 2017 or 2018.

Project Cost: \$0

Professional Services: \$0 (Nexus and all sub-consultants)

Tax Impact: None without voter approval

Results: The referendum was unsuccessful. No projects have been completed. Nexus has not received any payments under this agreement.

2. **Long Term Facilities Maintenance Revenue (2017-18):** The Minnesota Legislature recently authorized a new funding source for schools to address deferred maintenance. This funding is allowing the School Board to revisit projects from the original audit that were not implemented due to budget limitations, including replacing mechanical systems, repairing and updating the building structures, improving parking lots and updating interior finishes at various schools. All of these projects were identified in the original 2012 facilities audit conducted by Nexus. They were not completed previously because funding wasn't available.

Project Cost: \$5.97 million

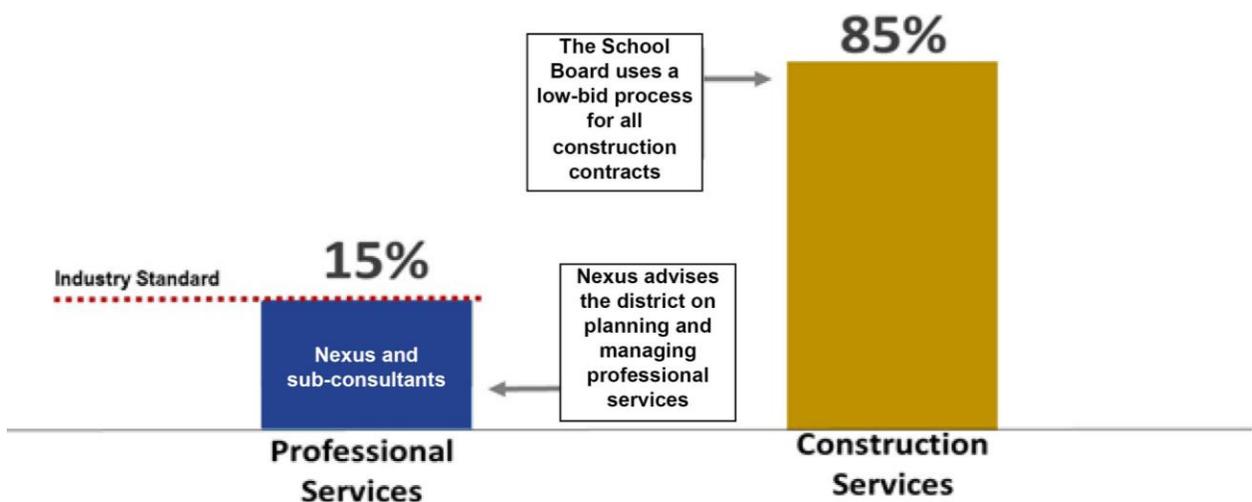
Professional Services: \$915,696 (Nexus and all sub-consultants) – 15% of project costs.

Construction: \$5.1 million

Tax Impact: The Long Term Facilities Maintenance Revenue will have little, if any, impact on local property tax rates due to state-matched funds, phased-out levies and growth in local tax capacity.

Results: Upon completion, these projects would provide cost savings, address deferred maintenance needs and improve student safety.

Where Does the Money Go in Our Spending for Facilities Projects?



SINGLE-SOURCE TERMINOLOGY

- **Program Management**: The service of identifying and managing a portfolio of projects that, as a collection, can maximize benefits and manage long-term costs in a facilities plan.
- **Sub-Consultants**: Nexus acts as the manager and lead collaborator of all professional services required to design, bid, and build a public, competitively bid construction project. In addition to its own planning, engineering and construction staff, Nexus also hires all the architects, structural engineers, landscape designers, interior designers, electrical engineers, civil engineers and construction superintendents required to deliver high quality projects. This approach increases accountability, while reducing district management costs.
- **Sole-Source Accountability**: Nexus is the facilities planning firm responsible for the successful completion for the project, and for obtaining design, engineering and other professional services that the school district cannot provide. With this model, school districts receive the accountability often associated with design-build, but with the price competition of design-bid-build.