



District Office
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Superintendent, Mr. Jay Belcastro

As I write this update on a cold February day, I can say I am happy to see we are gaining more and more daylight. Before we know it, the school year will end and the first of two major summer construction projects will begin.

As of February 2nd, all district school projects have received bids on the different scopes of work. Here is the update:

Planning & Design:

Two Harbors High School:

- Continued shop drawings/submittals for material review, approval, and procurement of supplies.

Minnehaha Elementary School:

- Opened re-issued work scope bids on January 17th
- Continued shop drawings/submittals for material review, approval, and procurement of supplies.
- Presentation to the Minnehaha Staff on packing up classrooms, purging outdated materials, and spring moving schedules.

William Kelley School:

- A prebid walkthrough with potential contractors took place on January 18th.
- Presentation to the WKS Staff on packing up classrooms, purging outdated materials, and spring moving schedules.
- Opened bids on January 31st.

District Bus Garages:

- Finished design development.
- Presented design development and cost estimates to the LSSD Project Oversight Committee on January 18th.
- Started construction documents and cost estimates.

- Now that this phase is complete, the district is challenged with inflation. Listed is the breakdown of projects costs:

Two Harbors High School:

- 10% over the projected budget and have omitted the new canopy at door 12 media center as well as redesigned/value-engineered six short-term parking spots at door 12 the newly redesigned secured entrance.

Minnehaha Elementary:

- Base bids which exclude parking and bus lane improvements and procurement of the vacation of 5th avenue as well as purchasing additional private land to expand playground space came in 30% over the projected budget at \$3.2 million.
- Plans to value engineer/cut scope by removing reroofing of the existing roof from the scope to reduce overage by \$1 million.
- The remaining \$2.2 million overage will come from \$1.7 million in bus garage savings and the potential of using \$500k in additional Long-Term Facilities Maintenance Funds.

As you can see, inflation has had a major impact on the original budgets. The district and project manager partner ICS has built in some contingencies, but not enough to cover the inflated costs.

Lake Superior School District is not alone in these difficult financial situations. In fact, there are a number of public school districts across the State of Minnesota that have also been hit hard. Most of the Districts that have been challenged, passed taxpayer-supported referendums in 2021. Between preparing the budgets in 2019-2020, passing the referendums in 2021, and bidding out the work in 2022, the original budgetary projections have changed drastically to as much as 30-40% over projections. Last spring, these districts started communicating and with school board approval, have now formulated a coalition, hired the lobbyist firm of Fredrikson & Byron, and currently are working with the firm and legislators to jacket a bill for financial support from the state. This request would be tied to building construction inflation. If successful, each of the 14 member school districts could receive one-time funds to assist in dealing with inflation. Senator Grant Hauschild has agreed to author the bill.

Lake County joined Duluth and St. Louis Day at the capital. It was a great success with a lot of contacts being made. During the event, I was able to connect with the local state representatives as well as the opportunity to share the district construction challenges with additional legislators. I appreciated the support as everyone recognized the impact of inflation on the projects.

There will be a lot of effort put forth in the next few months. I will keep the communities posted as your voices will be important for our legislators to hear.

Thanks again for your support and please let me know if you have any questions.

Sincerely;

A handwritten signature in black ink, appearing to be 'JB' or similar, written in a cursive style.

Jay Belcastro
Superintendent
Lake Superior School District