

February 26, 2013  
Art Johnston, School Board Member  
Duluth Independent School District

## Presentation, Regular School Board Regular meeting

Mr. Chairperson, School Board, and most important: the People of Duluth and students and teachers in our school system:

For the last two years, I have been asking questions about details on the \$314 million Red Plan construction costs.

5 months ago, 1-1/2 years after I made the request, I finally received a summary of the change orders. That summary indicated we have over \$14 million in construction change orders. It turns out that many, if not most, had occurred before such change orders were even sent to the Board. When asked about these changes orders, and post approval, the administration simply says: "Everyone does it." Some board members even put their hands over their ears when I ask questions about the construction costs. To put \$14 million into perspective: that is equivalent to 175 teacher years; and last year we eliminated 40 teacher positions.

I have also asked about the \$12 million cost increases of the Red Plan, that includes \$5 million for East High School, and about \$2 million each for Denfeld, Ordean East, and Lincoln Park Middle School. What answers do I get?: none, unless you call, "We talked about that before" a legitimate answer.

Also, according to the May 27, 2008 contract between the Duluth schools and Johnson Controls, Inc., JCI's pass-through money for the Red Plan was supposed to be about \$43 million. But the actual amount appears to be about \$84 million. In other words we are off by about \$40 million. The construction industry calls these soft costs. Another way to look at this is that of the total \$314 million cost, construction contractors, some of them local, were expected to get about \$260 million, but according to the District, they have only been paid about \$220 million. The difference is that \$40 million in missing soft costs--that apparently went to JCI. When I ask the administration about this, the first answer is: "What are soft costs?" After explaining, I get a "Oh, no problem, I'll get that explanation to you right away." I've been waiting for nearly 5 months, and still have received nothing, absolutely nothing.

I have repeatedly brought up these questions to the school board and the administration. Last December 3, I formally asked the school board to add these questions to the agenda. I repeated this request again this evening. As everyone can see, the school board has refused to allow me to even bring up this item. No one on this school board will even second any of my motions, so as to hide my questions from even appearing in the minutes.

I have done everything that I can as an elected school board member to get answers to my questions, and to open up transparency of this building project and this school. But to no avail. I would like to think that this is a simple misunderstanding, and that there has been no attempt by

this board and this administration to deceive me, and the public of Duluth. But at this point it appears that either: 1)No one in this administration understands or is able to answer my questions; or else, 2)The administration and school board is hiding this information from the public. Obviously, either way is not acceptable way to deal with a \$314 million project where that are tens of millions of dollars of questions. Any reasonable person would come to the conclusion that something is amiss, and would want to know by who, how much, and why?

The way the Red Plan has been funded, money slides back and forth between our General Fund (the classrooms) and the Red Plan Construction. The aforementioned change orders, cost increases, and soft costs have had a significant impact on worsening our budget deficit, increasing our class sizes, eliminating teacher positions, and cutting our curriculum.

Therefore, I have no choice but to use the law of the State of Minnesota to get answers. I am requesting, through the Minnesota Government Data Practices Act, that Duluth Independent School District 709, thoroughly, completely, and in a timely manner, provide me, and the citizens of Duluth, full disclosure of these questions on the Red Plan. I am hereby submitting this data request to the School Board Chair and the Superintendent.

Art Johnston

School Board member