



Title: Authorization to Extend Contract with McGough Facility Management

Resolution number: 26-033

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Past Board Action: December 19, 2024, Authorization of District Administrator to Enter into Contract

Summary:

At the October 10, 2024 Board Meeting, the Board of Managers authorized the release of a request for proposals for a facilities management vendor. Facility management from one day to the next is ever changing and varies from week to week, however, on average per week 25% of Operations staff time was spent on facility-related maintenance, repairs and proactively attending to matters before they become issues. The intent of the RFP for a facility vendor was to seek assistance for staff in helping reduce staff time on facility issues, decreasing the number of vendors relied upon, ensure compliance with state and federal regulations as well as having a 24/7 emergency response option. Additionally, staff was seeking a vendor who would be able to assist with a long-term facility capital improvement plan (CIP). From the RFP issuance the District received one proposal – from McGough Facility Management.

At the December 19, 2024, Board Meeting, the Board of Managers adopted [Resolution 24-068](#), authorizing the District Administrator to execute a contract with McGough Facility Management for a period effective February 1, 2025 through December 31, 2025. At the time of contract approval, the Board of Managers requested a recap of services upon completion of the first year of services. This was provided at the [February 12, 2026](#) Board meeting. This report provided a comprehensive review of McGough’s services performed, what went well, where staff saw areas for improvement and what staff learned. Additionally, the McGough contract included a provision for a draft CIP, which staff provided in summary to the Board.

McGough’s contract provided for monthly routine and legally required safety inspections, maintenance and repairs as needed, special projects, sub-contractor selection and management, 24/7 emergency response and project management services. These services were being provided by McGough via a \$2460 monthly retainer.

The contract included 124 hours for monthly federal/state compliance inspections (e.g. fire safety, elevator, eye-wash stations), routine mechanical and HVAC maintenance, and ad-hoc maintenance repairs. During the 11-month contract period, 83%, or 103 hours of the allotted 124 service hours were utilized. Additionally, the contract allowed for 126 hours of project/account management services with 100% of these hours used during the contract period. Although not one-to-one savings, staff calculated the 126 hours of McGough’s time reflected 115 hours of staff time savings.

Throughout the contract period staff leaned heavily on McGough’s account manager to glean as much information as possible in areas of the building’s key infrastructure systems and how those systems relate to future capital improvement project budgeting. This also provided staff with a more well-rounded knowledge of the building’s systems and maintenance requirements.

Following the recap meeting with the Board of Managers, Operations staff met with McGough’s Account Manager to review the previous year’s work, provide feedback and discuss options for tightening project management and service

hours. To prevent under-utilizing available contract hours for mechanical and technical services, staff suggested that McGough provide these services going forward on an hourly basis rather than a retainer basis. This allows staff to manage services on a month-to-month basis without concern about allotted hours – either exceeding or underutilizing. From the previous contract period staff is more aware of what is needed on a month-to-month basis, what needs to be completed now and what maintenance may be deferred. The hourly rate for technician service hours is between \$100-\$120 per hour for year one. This is a 7.1% increase from the previous contracted rate.

With the completion of the on-boarding process, along with the preliminary CIP completed, staff anticipates a need for fewer hours going forward from McGough's Account Manager. As McGough does not offer a time and materials approach for Account Management, staff recommends reducing the annual contract hours from 126 to 120, which reduces the retainer portion of the contract to \$1,545 per month for year one.

Recommendation:

As noted during the recent recap summary to the Board of Managers, staff was pleased with the overall performance of the McGough team, from project management to HVAC maintenance. Therefore, staff recommends the District continue utilizing McGough's services and extend the agreement for a new two-year period commencing April 1, 2026. With this extension it is understood that staff continues to manage the McGough relationship with an eye towards the continued effective and economical operation of the MCWD facility while at the same time planning and implementing improvements as needed and budgeted accordingly.



RESOLUTION

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- WHEREAS On October 10, 2024, the Board Managers authorized the release of a request for proposals for a facilities management vendor;
- WHEREAS On December 19, 2024, the Board adopted Resolution 24-068, authorizing the District Administrator to execute a contract with McGough Facility Management;
- WHEREAS The District subsequently entered into a contract with McGough for a period ending December 31, 2025;
- WHEREAS On February 12, 2026, Operations staff provided the Board a recap of McGough services;
- WHEREAS Operations staff met with McGough Account Manager to review the previous year results and processes to implement for enhancing efficiency of technician and project management hours;
- WHEREAS The District proposes to pay McGough on a time and materials basis for maintenance and technician services, with hourly rates between \$100-\$120 for year one; and \$110-\$132 for year two; and
- WHEREAS The District proposes to pay McGough a monthly retainer of \$1,545 for Account Management services with an allotment of 120 hours annually for year one and no more than \$1,700 per month for year two.

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers hereby authorizes the District Administrator to extend the contract with McGough Facilities Management effective April 1, 2026 through March 31, 2028 per the fees and services set forth above on advice of legal counsel.

Resolution Number 26- 033 was moved by Manager _____, seconded by Manager _____. Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date 3/26/2026.

 Secretary Date: _____