



**PUBLIC BUILDING COMMISSION
MINUTES OF THE ADMINISTRATIVE OPERATIONS COMMITTEE MEETING HELD SEPTEMBER 26, 2018**

Public Building Commission of Chicago | Richard J. Daley Center | 50 West Washington Street, Room 200 | Chicago, Illinois 60602 | (312) 744-3090 | pbccchicago.com

The Meeting of the Administrative Operations Committee of the Public Building Commission of Chicago was held in the 2nd floor Board Room at the Richard J. Daley Center on September 26, 2018 at 1:30 p.m.

The following Committee members were present:

Chairman Jose Maldonado

Commissioner Arnold L. Randall

Also present were:

Carina E. Sánchez

Erin O'Keefe

Lori Lypson

Ray Giderof

James Borkman

Tanya Foucher-Weekley

Lisa Giderof

Bryant Payne

Patrice Doyle

Patricia Montenegro

Mary Pat Witry

Langdon Neal, Neal & Leroy

Andre Wiggins, MBRE

The reading of the minutes of the September 6, 2018 Administrative Operations Committee meeting, which was previously distributed, was dispensed with. Upon motion duly made and seconded the minutes were unanimously adopted.

Pursuant to Section 2.06(g) of the Open Meetings Act, a public comment period was held. No comments or statements were presented by any persons.

The Executive Director introduced the proposed 2019 PBC Administrative Budget and reported that with the current work in place, the PBC is operating within its financial means. The PBC budget maintains flat staffing levels while achieving more than \$400K in ongoing savings over the previous year's budget due to workplace efficiencies, investments in technology and improvements to our processes.

The Executive Director reported that last year the PBC team committed to identify all resources and opportunities for reductions and that has been accomplished. Those actions set a solid foundation on which the PBC can prosper without relying on expiring revenue from bond lease funds.

The Executive Director stated that the agency has made a commitment to look to the future of the PBC by dedicating ourselves to prudent budgeting and planning for the long-term.

The Executive Director stated that returning to sound, balanced public finances is vital to having a solid foundation on which to build prosperity and reported that this message is only slightly tempered by the ability of the PBC to continue to undertake projects in upcoming fiscal years.

In closing, the Executive Director reported that the 2019 budget marks a major milestone in delivering on commitments and stated that PBC staff are entrusted with public resources and have the highest level of accountability and transparency in managing and reporting how taxpayer supported dollars are spent.

The AO Committee accepted the report from the Executive Director.

Next, the PBC's Director of Finance provided a detailed analysis of the budgets as well as cost savings and efficiencies that are being implemented.

The Director of Finance first reported on the Richard J. Daley Center (Daley Center) Operating and Capital Budget as follows;

- The 2019 Operating Expense Budget of \$15,921,648 reflects a minimal increase of 0.90% over the 2018 Budget of \$15,779,771. The 0.90% increase in operating expenses equates to \$141,879 and is a result of annual increases to union cleaning, security and engineering wages and increased property and liability insurance premiums. These increases are primarily offset by lower projected costs for utilities stemming from procurement of decreased electric and gas commodities. 2017 tenant steam usage reconciliations will yield additional utility expense credits of \$290K in 2019.
- The resulting cost equates to \$12.50 per rentable square foot at the Daley Center, an extremely competitive rate given the location and landmark quality of the building and the Percentage for Operating Expense Allocation for 2018 is as follows: Cook County – 95.88%, City of Chicago – 0.348% and Public Building Commission - 3.76%.

Operating Goals

- The overall goals for 2019 are to continue to operate the Daley Center at the same high level of service while undertaking projects to improve the operating efficiencies, increase Energy Star rating, enhance building security levels, assess and competitively bid building services, sustain plaza event revenue levels, increase MBE/WBE participation and pursue BOMA's TOBY award for 2019.

Capital Improvement Plan

- The 2019 Capital Improvement Budget includes \$5,095,458 for new projects such as Building Automation System Upgrades, Façade and Louver Repairs, Security Upgrades and Repairs to Clark Street Stairway.
- In 2019, the Property Manager is continuing most of the projects identified in the 2017 Property Condition Assessment (PCA). Following the PCA a new 5-year capital plan was developed which began in 2018. The capital projects anticipated for 2019 are as follows;

1. Building Automation System Upgrades - \$600,000
 - a. Upgrades to the building's automation system. 2017 Property Condition Assessment reported that the automation system needs to be upgraded as controls and hardware are no longer manufactured and obsolete.
2. Concrete Sealer and Traffic Topping Re-Application at Dock and Lower Level Parking Area - \$75,000
 - a. 50,000 square feet of concrete flooring systems at the dock and lower level parking garage areas.
3. Elastomeric Roof Coating Re-Application - \$190,000
 - a. 50,000 square feet replacement of existing roofing systems
4. Façade and Louver Repairs - \$1,000,000
 - a. Water infiltration and deterioration of outside air intake louvers.
5. Plaza Sealant Joint Replacements - \$103,458
 - a. Replacement of existing exterior plaza sealant joints.
6. Security Upgrades - \$2,000,000
 - a. Miscellaneous upgrade to the building's security systems and infrastructure resulting from Cook County's security risk assessment
7. Elevator Upgrades - \$250,000
 - a. Replacement and repair of any costly elevator components that are not covered under the operations maintenance agreement.
8. Repairs to Clark Street Stairway - \$697,000
 - a. Investigate and perform repairs to the vertical displacement between granite, cracks in granite and corrosion staining at Clark Street stairway.
9. Re-lining of Cooling Towers - \$180,000
 - a. Installation of new lining system within 7 of the building's 12 cooling towers.

Next, the Director of Finance reported on the PBC's 2019 Administrative Expense Budget and stated that when the 2018 budget was presented last year, she informed the committee that the Bond Lease Revenue would completely retire within two years. This loss of projected resources to the annual budget would dramatically impact the PBC if it was not properly addressed. The PBC has taken the steps to ensure the organization remains stable after the final receipt of the Bond Lease Revenue in 2020.

The Director of Finance further reported that for the last two budget years, the PBC has focused efforts on generating revenues through a stable Work in Place (WIP), while consistently improving efforts on cost efficiencies within the agency. The PBC's main source of resources is through project Administrative fees generated on the WIP. Approximately, a 3% fee is earned on the construction portion of the WIP.

Total 2019 projected resources are \$10,654,919 as follows;

- Lease Revenue - \$1.5M
- Administrative Fees - \$6,969,919 (Completed \$451,689/Active \$6,518,230)
- Reimburseables - \$2,185,000 (PM time \$1,650,000/MB \$535,000)

The PBC only forecasts the percentage estimated to be completed in the upcoming budget year for the WIP. The PBC breaks its WIP into two components, projects undertaken and projects in planning.

- For 2018, the anticipated total WIP is \$225M, which consists of \$10.5M of projects in planning and \$214M for projects that have already been undertaken by the PBC.
- Based on announced projects for 2019, we are projecting a WIP of \$268M with \$119M from projects currently in planning and are projecting a WIP of \$200M for 2020.
- The projected total value of Work in Place (WIP) for the three-year period, 2018-2020, is \$693M.

The Director of Finance further reported that the PBC is now operating in a manner where resources are higher than projected expenses. For FY2017, the PBC realized a net surplus of \$800K and projects over \$1.5M in surplus for 2018. This is important to the PBC to establish reserve income to sustain the organization without the Bond Revenue and to allow the PBC to more effectively manage Administrative expenses.

The total Administrative expense budgeted for 2019 is \$9,616,792 and reflects an overall decrease of 4% from the 2018 budget. The details are as follows;

- The biggest expense continues to be personnel which makes up 61% of the overall Administrative budget. Total personnel services are \$5,856,646 which is an 8% reduction over the 2018 budget. \$400K savings in Personnel was achieved largely due to the elimination of open FTE positions that were previously budgeted. Legal fees have reduced this budgeted area by 21%.
- Daley Center Insurance has increased 36% for 2019. This variance is directly related to an increase in Commercial Liability which is a factor of the current WIP. As the WIP increases so does this area.
- Based on a Needs Assessment, the PBC has implemented technology service upgrades. In 2018, the PBC upgraded the outdated telephone systems/equipment to a Voice over Internet Protocol (VOIP) phone system. In 4th quarter 2018, plans to are underway for the implementation of a new Cost Control System. The costs of the implementation are budgeted in the 2019 Computers & Maintenance category. These important updates to our technology systems will provide PBC staff and clients a more customer-oriented experience and improve our overall efficiencies in project management. The overall increase in Information Technology for the 2019 Budget is 7% or \$531,810.
- The remaining budget areas remain flat with a slight cost savings in comparison with the 2018 budget.

The AO Committee accepted the reports provided by the Director of Finance.

The Chief of Staff reported on the following recommendations;

Task order awards for Architect of Record services to Ross Barney Architects, a Women Business Enterprise firm, for the Merlo Branch Library Project in the sum of \$386,500 and to STL Architects, a MBE firm, for the Read Dunning Salt Storage Facility Project in the sum of \$7,500.

The Guaranteed Maximum Price (GMP) in the sum of \$76,366,713 for Design Build services to UJAMAA Power II, a MBE firm, for the South Side High School Project.

Approval to award term contracts for Construction Cost Estimating services for the following firms;

CCS International, Inc., a MBE firm
The Concord Group,
Rider Levett Bucknall and
Vistara Construction Services, a MBE firm

The PBC will enter into a Master Term Agreement with each firm to be administered on a task order basis for an amount not-to-exceed \$1,500,000 for a term of three years with the option to extend two additional one-year terms.

Approval to award term contracts for Comprehensive Digital Construction Document Printing services to the following firms;

Aloha Print Group, a Women-Business Enterprise firm
Cross Rhodes Print & Technologies, a MBE firm
Cushing, a WBE firm

The PBC will enter into a Master Term Agreement with each firm to be administered on a task order basis for an amount not-to-exceed \$500,000 for a term of three years with the option to extend two additional one-year terms.

The AO Committee accepted the reports from the Chief of Staff.

The Chief Development Officer reported on Field Orders issued as follows;

Byrne Elementary School Annex / Contractor: C1576 F.H. Paschen / SN Nielsen / Original Contract Amount: \$13,611,000.00 / Approved Contract Change Orders: \$0.00 / Adjusted Contract to Date: \$13,611,000.00

015	9/6/2018	\$1,815.00	Furnish and install new customized school signage in the main office for the front desk counter.
016	9/6/2018	\$20,289.55	Plumbing revisions in water meter room and mechanical room associated with RPZ requirements.
017	9/6/2018	\$2,879.99	Additional Fire Department address signage at entrance.
Subtotal \$24,984.54			

Ebinger ES Annex & Renovations / Contractor: C1590 Friedler Drive Joint Venture / Original Contract Amount: \$12,058,000.00 / Approved Contract Change Orders: \$0.00 / Adjusted Contract to Date: \$12,058,000.00

012V	9/20/2018	\$23,442.54	Additional spray proofing per permit changes on level 2 storage and mechanical rooms.
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Lincoln Park High School Renovation / Contractor: C1582 Blinderman Construction Company / Original Contract Amount: \$16,746,219.00 / Approved Contract Change Orders: \$0.00 / Adjusted Contract to Date: \$16,746,219.00

044 9/6/2018 \$19,032.09 Furnish and install new rubber base in various classrooms as well as entire corridors in the Annex building.

Read Dunning School (Vertical) / Contractor: C1591 K.R. Miller Contractors / Original Contract Amount: \$51,137,000.00 / Approved Contract Change Orders: \$0.00 / Adjusted Contract to Date: \$51,137,000.00

014V 9/20/2018 \$228,894.00

Provide modifications to the private driveway.

016V 9/20/2018 \$7,685.00

Furnish and install additional masonry reinforcement at interior masonry partitions at the elevator and yard storage room CMU walls.

Subtotal \$236,579.00

Sheridan Academy Annex / Contractor: C1581 Path Construction Company / Original Contract Amount: \$6,371,000.00 / Approved Contract Change Orders: \$36,968.31 / Adjusted Contract to Date: \$6,407,968.31

025R 8/10/2018 \$0

Revise the Substantial Completion date from August 10, 2018 to August 31, 2018

Zapata ES Annex & Renovation / Contractor: C1580 F.H. Paschen / SN Nielsen / Original Contract Amount: \$15,972,000.00 / Approved Contract Change Orders: \$0.00 / Adjusted Contract to Date: \$15,972,000.00

014 9/20/2018 \$11,300.21

Revised the sloped cut at the perimeter of the turf field from the bottom of the concrete pavement to the subgrade to a shear cut.

019 9/6/2018 \$ 32,273.02

Interior metal stud installation revisions.

Subtotal \$43,573.23

LaFollette Park Facility Rehabilitation / Contractor: C1594 Blinderman Construction Company / Original Contract Amount: \$1,578,311.13 / Approved Contract Change Orders: \$0.00 / Adjusted Contract to Date: \$1,578,311.13

407 9/14/18 \$36,503.59

Masonry revisions required for discovered existing conditions, including remove loose mortar and partial bricks. Apply 2 layers of 3/4" plyboard anchored to the existing masonry.

The Chief Development Officer also provided a recommendation to approve change orders as follows; a credit in the sum of (\$49,063) for unused commission contingency for the Ebinger Elementary School Site Prep Project, a credit for liquidated damages in the sum of (\$12,618) for the Lincoln Elementary School Project and a change order in the total sum of \$157,068 for site restoration at the south playlot and a credit for unused site work allowance for the Jamieson Elementary School Annex Project.

The AO Committee members accepted the reports from the Chief Development Officer.

The meeting was adjourned.