



**PUBLIC BUILDING COMMISSION
MINUTES OF THE ADMINISTRATIVE OPERATIONS COMMITTEE MEETING HELD SEPTEMBER 25, 2019**

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 25, 2019 at 1:00 p.m.

The following Committee members were present:

Chairman Jose Maldonado
Commissioner Arnold L. Randall
Commissioner Olga Camargo

Also present were:

Carina E. Sánchez
Lori Lypson
James Borkman
Tanya Foucher-Weekley
Ray Giderof
Lisa Giderof
Mary Pat Witry
Bryant Payne
Gina Baldwin
Patricia Montenegro
Andre Wiggins, MB Real Estate
Langdon Neal, Neal and Leroy

The reading of the minutes of the September 5, 2019 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 reported on the proposed schedule of 2020 Committee meeting dates as follows;

Wednesday,	January 8, 2020
Wednesday,	February 5, 2020
Wednesday,	March 4, 2020
Wednesday,	April 1, 2020
Wednesday,	May 6, 2020
Wednesday,	June 3, 2020
Wednesday,	July 8, 2020
Wednesday,	August 5, 2020
Wednesday,	September 2, 2020
Wednesday,	September 23, 2020
Wednesday,	November 4, 2020
Wednesday,	December 2, 2020

The Executive Director introduced the proposed 2020 PBC Administrative Budget and the Richard J. Daley Center Operating and Capital Budget and reported that the PBC has the highest level of accountability and transparency in managing and reporting how we spend taxpayer supported dollars.

The Executive Director reported that since 2017, through administrative cost savings, the PBC has built a reserve of over \$2,000,000. This reserve income is important to the PBC because it helps sustain the organization without the Bond Lease Revenue which it had relied on in the past to more effectively manage administrative expenses. The proposed 2020 Administrative Budget expenses are flat with no net change from the 2019 budget.

The AO Committee accepted the report from the Executive Director.

The PBC's Director of Finance provided a detailed analysis of the Richard J. Daley Center (Daley Center) budget. The PBC develops an annual budget to cover the operating and maintenance costs for the Daley Center, as well as a budget for capital projects which assist in maintaining and upgrading the 50-year old facility.

- The Daley Center Operating and Capital budgets are allocated among Cook County, the City of Chicago and the PBC based on the square footage of leased space in the building. The total Operating Budget for 2020 is \$16,530,895 which is a 3.83% increase from the 2019 budget. The resulting cost will be \$12.97 per rentable square foot, an extremely competitive rate given the location and landmark quality of the building.
- The 3.83% increase in operating expenses equates to \$609,247 and stems from increases in union cleaning and engineering wages along with increases associated with the elevator maintenance contract.

Daley Center Operating Goals

- The overall 2020 operating goals for the Daley Center are to pursue new energy conservation measures and bolster building safety and emergency preparedness. The building conducted life safety/threat and ADA assessments in 2019 which have yielded several new projects included in the 2020 Operating and Capital budget.
- The building is pursuing BOMA's 360 certification and is making strides for a submittal for BOMA's TOBY awards in 2020. To achieve these goals, MBRE is planning the following projects:
 1. Cleaning RFP: Cleaning services will be competitively bid to minority firms and will now include annual maintenance of Picasso which was historically maintained outside of the contract.
 2. Security Services RFP: Security services will be competitively bid with minority participation requirements of 40%.
 3. MBE/WBE Participation: Work closely with several organizations that support minority businesses to solicit interest for projects in the building.

Commissioner Camargo asked about the current M/WBE status of firms working at the Daley Center. Andre Wiggins, VP, General Manager with MBRE, responded that the Minority and Women Business Enterprise Participation rate is currently 65% on the Security Service Contract, 100% on the Cleaning Service Contract and 20% on the Elevator Maintenance Contract.

Daley Center Capital Improvement Plan

The 2020 Capital Improvement Budget includes \$5,290,000 for projects. In 2020, we will continue projects identified in the 2017 Property Condition Assessment.

The list of capital projects anticipated for 2020 are;

- Building Automation upgrades \$200,000
- Concrete Sealer and traffic topping re application at dock level parking area - \$370,000
- Façade and Louver repair - \$100,000,000
- Plaza Sealant replacements - \$370,000
- Security upgrades \$1,000,000
- Elevator upgrades of \$250,000
- Repairs to Clark Street stairway - \$700,000
- ADA Modifications - \$1,000,000
- Life Safety System upgrades - \$100,000
- Re-Lining of Cooling Towers \$400,000

Next the PBC's Director of Finance detailed the 2020 PBC Administrative Budget. The Director reported that the PBC has taken the steps to ensure the organization remains stable after the final receipt of the Bond Lease Revenue in 2020.

For the last two budget years the PBC 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 through the WIP. Since changing the frequency of our Administrative fee collections in 2018, the PBC has been able to maintain a more stable cash flow for administrative expense throughout the lifecycle of a project.

Total 2020 projected resources are \$10,075,868.

- Lease Revenue - \$300,000
- Administrative Fees - \$7,850,868 (Completed \$1,193,077/Active \$6,657,791)
- Reimbursable - \$1,925,000

Over the past three years the PBC has generated a savings/surplus between resources and expenses, with the largest anticipated this year. This is crucial to the organization due to the constant fluctuations in the WIP.

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 planning projects. Based on this, for 2018 we had \$281,000,000 in actual undertaken projects with \$8,000,000 for projects in planning. For 2019 we anticipate a WIP of \$289,000,000 that includes \$15,000,000 for projects in planning. For 2020 we have a projected a WIP of \$249,000,000 with no current projects in planning or announced. The look ahead for 2021 is \$97,000,000. Our projected total value of Work in Place for the three-year period 2019-2021 is \$635,000,000.

The proposed 2020 Administrative Budget expenses reflect a flat budget as compared to the 2019 budget.

The total administrative expenses budgeted for 2020 is \$9,620,487.

After careful assessment of the overall company environment, we have been able to identify areas of savings and areas necessitating enhancements.

The biggest expense continues to be personnel which makes up 61% of the overall Administrative budget. Total personnel services are \$5,858,397 which is an 1% reduction over the 2019 budget.

The largest areas of increases for the 2020 budget are Rent/Leasehold Improvements which is a factor of the Daley Center proposed budget and in the Insurance fees. The Daley Center Insurance continues to have a projected increase of 21% for 2020. This variance is directly related to an increase in our Commercial Liability which is a factor of the current market changes and WIP levels.

We continue to experience a favorable variance in legal fees and as a result have reduced this budgeted area by 10%.

The PBC has undertaken technology service upgrades. In quarter two 2019, we began the implementation to a new costs control system (e-Builder). The costs of this implementation have been budgeted between the 2019-2020 Computer Maintenance, Equipment and Software category. These very 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 remaining budget areas remain flat with a slight cost savings in comparison to the 2019 budget.

The AO Committee accepted the reports from the Director of Finance.

Next, the Chief of Staff reported on a task order award for Specialty Consultant Material Testing Services to Design Consulting Engineers, a Minority Business Enterprise firm, in the amount of \$50,000 for the Processor Career Academy Renovation Project.

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

The Chief Development Officer reported on field orders issued on various projects as follows;

Ebinger Elementary School Annex / C1590 Friedler Drive Joint Venture / Original Contract Amount: \$12,058,000.00 / Approved Contract Change Orders: -\$225,000.00 / Adjusted Contract to Date: \$11,833,000.00

028 9/19/2019 \$1,971.09 Furnish and install additional piece of playground equipment between circle platform and large slide.
Subtotal: \$1,971.09

Prussing Elementary School Annex & Renovations / C1587 The George Sollitt Construction Company / Original Contract Amount: \$17,438,463.00 | Approved Contract Change Orders: \$197,280.05 | Adjusted Contract to Date: \$17,635,743.05

054 9/19/2019 \$48,823.88 Temporary water service in coordination of demolition of 2-classroom modular and water service revisions required for the existing 4-classroom modular building to remain.
Subtotal: \$48,823.88

Read Dunning School (Vertical) / C1591 K.R. Miller Contractors / Original Contract Amount: \$51,137,000.00 / Approved Contract Change Orders: \$513,903.17 / Adjusted Contract to Date: \$51,650,903.17

019V 9/19/2019 \$8,260.96 Revisions associated with updates to the CPS provided specifications for IP Access Control Systems.
Subtotal: \$8,260.96

Harrison Park Facility Rehab (CPD Group B) / C1595 F.H. Paschen, SN Nielsen / Original Contract Amount: \$2,354,000.00 / Approved Contract Change Orders: \$208,984.08 / Adjusted Contract to Date: \$2,562,984.08

124 9/12/2019 \$13,786.89 Demolish, furnish and install new stormwater drainage pipe and associated restoration work.
Subtotal: \$13,786.89

The AO Committee accepted the report from the Chief Development Officer.

The meeting was adjourned.