



PUBLIC BUILDING COMMISSION
MINUTES OF THE ADMINISTRATIVE OPERATIONS COMMITTEE MEETING
OCTOBER 6, 2023

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

The Administrative Operations Committee of the Public Building Commission of Chicago held a meeting on October 6, 2023, at 10:00 a.m. at the Richard J. Daley Center, 2nd floor Boardroom. The meeting was live streamed.

The following Committee members were present:

Chairman Jose Maldonado
Commissioner Arnold Randall

Also present:

Carina E. Sánchez
Ray Giderof
Patrice Doyle
Patricia Montenegro
Mary Pat Witry
Tanya Foucher-Weekley
Lisa Giderof
Bryant Payne
Rudy Manning
Christian Conway, Neal and Leroy

The reading of the minutes of the September 6, 2023, 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.

The Executive Director reported that the Proposed 2024 Richard J. Daley Center Operating and Capital Budget and the Proposed 2024 PBC Administrative Budget will be presented by the PBC Director of Finance, Tanya Foucher-Weekley. The Director of Finance will provide the detailed budget reports.

The AO Committee accepted the report provided by the Executive Director.

The Director of Finance first provided a report on the PBC's 2024 PBC Administrative Budget and stated that over the past three years, the PBC has successfully maintained a flat budget while navigating a national pandemic, escalating construction costs and other economic challenges. The PBC's commitment to fiscal responsibility has driven the agency to implement strategic measures aimed at optimizing every

dollar spent. The PBC team has sought out cost saving opportunities, from negotiating favorable terms with suppliers, to exploring innovative construction methods.

The PBC's single source of resources for the agency is Project Administrative Fees generated from Work in Place (WIP). The PBC only forecasts the percentage estimated for completion in the upcoming budget year for the WIP.

The Director of Finance reviewed a chart titled "PBC 2024 Administrative Budget Anticipated Work in Place". The WIP chart depicts a view of the actual and anticipated WIP over a 6-year period, from 2020-2025. The WIP decreases significantly over the 6-year period. In 2020, the WIP was \$251 million, a reflection of the work generated from the 2019 CPS Capital Improvement Program. Over the past three years, the WIP has been averaging under \$100 million, with a continued forecast of a further decline. Based on current Project Undertaking Requests, the WIP projection for 2024 is \$74 million with \$43 million in the planning phase for 2025.

The Director of Finance stated that the PBC has been reporting on this decline over the last several years. The PBC continues to take the necessary steps, through rigorous cost management, efficient project execution, and innovative solutions to sustain the operations of the Commission, while continuing to deliver essential public infrastructure projects. The constant fluctuation in the WIP level continues to remain a major concern for the organization's future.

The Director of Finance stated that last year she reported that by the end of 2023, the agency would be operating in a deficit between resources and expenses and that continues to remain the case between budgeted resources and expenses.

The Director of Finance reviewed the chart titled "PBC 2024 Administrative Budget - Historical Resources vs Expenditures". The trend between resources and expenses was reviewed. The 2023 projection is based on actual budgeted expenses versus the resources and due to close-out projects, this may result in a small surplus. Due to the significant 2022 decrease in resources from expenses, the agency is still operating in a deficit.

The Director of Finance reported that the agency continues to budget higher while actuals for expenses continue to come in lower than the budgeted amount, due to PBC's continued ability to decrease expenses.

The estimate of resources available for the 2024 Administrative Budget is \$6,794,283. The PBC's Administrative Fee, anticipated to be collected on active projects, is in the amount of \$5,049,283. The bulk of this amount comes from the close-out of the CPS Program. Once these CPS projects are financially closed out, in the first quarter of 2024, the PBC will face lower amounts of administrative fees eligible for collection. The reimbursements projected for direct allocation of Project Management Services is \$1 million and the direct allocation for insurances expense is \$755,700.

The proposed 2024 Administrative Expense Budget has an overall increase of 1% (\$103,924) from the 2023 Budget.

The total proposed 2024 Administrative Expense Budget is \$8,361,438.

- Total personnel services increased by \$68,212, attributable to the anticipated change in insurance and retirement costs.
- The insurance for the Daley Center and Rent/Leasehold Improvements increased. These items will be reported on during the Daley Center Budget Report.
- There is a minimal increase in Professional Services Fees (audit, accounting fees, and trustee fees).
- There is a decrease in Office and other Administrative Expenses.
- Other areas of the budget remain relatively flat.

The Director of Finance further reported that the PBC anticipates administrative expenses to exceed resources by \$1.6 million for the year. Despite the financial constraints, the PBC remains committed to upholding standards of excellence, delivering projects that matter and ensuring that the PBC continues to be a beacon of fiscal responsibility. Staff continues to explore cost-saving solutions, seek partnerships, and prioritize projects to yield the maximum benefits for the residents of the city. The PBC will ensure that the limited resources are directed toward initiatives that yield maximum benefits.

Commissioner Randall asked what the plan is to reduce the budget deficit?

The Executive Director thanked Commissioner Randall for partnering with the PBC with new Forest Preserve District of Cook County projects. The Executive Director also stated that the WIP should be near \$300 million per year, since payments are spread out over multiple years, to sustain maximum operations. The Executive Director stated that the team is working with the city's administration and the county to look for additional partnership opportunities. Since the PBC is not a taxing body, projects are needed to sustain the agency. The Executive Director stated that the PBC has a successful track record of delivering projects within budget and on schedule. The PBC has in-house experts to assist agencies and asks for support from board members and the agencies we serve. The Executive Director further stated that the PBC focuses internally on minority and woman participation, community hiring, and this sets the PBC apart from other entities as we focus on people.

The Director of Finance stated that the PBC needs more work, and the staff has been very creative to ensure that the PBC uses the resources received to ensure that expenses maintain flat. Over the last several years, by closely managing the resources and expenses, staff have been able to operate under the approved budget level. Pre-pandemic, the PBC was able to add to the surplus, but with the pandemic and the drop in project levels, staff made significant cost savings, including reductions in staff, to budget for the declining project level. The Director of Finance stated that we should be able to look to the future to have project work planned through 2027. Without a significant capital program, it's hard to make cash flow projections.

The Executive Director commended the PBC staff and indicated that the PBC is operating at a very low staffing level, and staff have stepped up to do more with less, while taking on additional responsibilities. Commissioner Randall asked if the city has a 5-year Capital Plan?

The Executive Director responded that the PBC is working closely with our clients at the city to see where the PBC can assist.

Next the Director of Finance presented the 2024 Operating and Capital Budget for the Richard J. Daley Center (Daley Center). The budget is prepared in conjunction with Transwestern Commercial Services, the Property Manager for the Daley Center.

The overall operating goals for the Daley Center are to ensure the security and health safety of all building occupants, pursue new renewable energy measures, and bolster building safety and emergency readiness.

One of the primary Operating Goals for 2024 is the procurement of tenancy for the retail space on the concourse level of the Daley Center. Leasing this vacant space will provide a rent stream and provide added convenience to tenants and visitors in the building.

The Director of Finance reported the Daley Center's total 2024 Operating Expense Budget is \$21,343,892 and reflects an increase of 3.11% over the 2023 budget of \$20,703,795. The increase in operating expenses equates to \$643,096 and is primarily a result of annual increases in utility expenses stemming from enhanced operations of the building's mechanical systems. Annual increases to union cleaning, security and engineering wages are also contributing factors. Elevated levels of cleaning and disinfection staffing are COVID-19 mitigation efforts that started in 2021 and are projected to continue through 2024.

The Director of Finance reported on the percentage for Operating Expense Allocation for 2024.

Cook County – 94.92% - Annual Base Rent \$19,787,413.00.

City of Chicago – 0.344% - Annual Base Rent \$71,709.00.

Illinois Workers Compensation Commission 1% - Annual Base Rent \$210,123.00.

Illinois Liquor Control Commission – 0.739% - Annual Base Rent \$154,048.00.

Public Building Commission 2.985% - Annual Base Rent \$622,239.00.

These amounts are based on the square footage of space leased.

In addition to the Operating Expense Budget, the building has a 2024 Capital Improvement Plan (CIP) totaling \$3.8 million consisting of twelve Capital Improvement Projects identified for 2024. The CIP cost is prorated across the tenants as follows.

Cook County - \$3.6 million.

City of Chicago - \$13k.

Illinois Workers Compensation Commission - \$38k.

Illinois Liquor Control Commission - \$28k.

Public Building Commission - \$114k.

The Executive Director added that all office space is rented. The Director of Finance noted that only a small percentage of retail space is available at the concourse level and revenue has been added from event rentals on the Daley Plaza. The rental revenue helps to reduce the monthly operating costs and are shared back with the tenants through decreases in their rent.

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

The Deputy Director of Procurement reported on two task order awards for Specialty Consultant Services for Construction Material Testing and Inspection services to ECS Midwest, LLC in the amount of \$2,44,975.00 for the Dett Elementary School Annex and Renovations Project and to Princeton Technical Services, Inc., MBE firm, in the amount of \$27,973.00 for the Joint Public Safety Training Campus Phase 2 Project.

The Deputy Director of Procurement reported on the recommendation to appoint an Architect of Record for the Restroom Rehabilitation Project at various Forest Preserve District of Cook County locations.

In collaboration with the team at the Forest Preserve District of Cook County, staff recommend the appointment of SMNG A, Ltd. as the Architect of Record for the project.

SMNG A, Ltd. committed to partnering with Brook Architecture, Inc., a Minority and Women Business Enterprise firm. SMNG A, Ltd. will perform the work under their existing Task Order based Master Agreement with the PBC.

The Deputy Director of Procurement also reported on the recommendation to appoint an Architect of Record for the LED Lighting Replacement Project at various Forest Preserve District of Cook County locations.

The PBC at the request of the FPDC, recommends appointment of UrbanWorks, Ltd., a Minority and Women Business Enterprise firm, as the Architect of Record for this project. UrbanWorks, Ltd. committed to partnering with Milhouse Engineering, a Minority Business Enterprise firm. UrbanWorks, Ltd. will perform the work under their existing Task Order based Master Agreement with the PBC.

The AO Committee accepted the reports provided by the Deputy Director of Procurement.

The Chief Development Officer reported on two Field Orders above the reporting threshold. The full report is listed below.

Sauganash Elementary School Annex II / General Contractor / C1601 Taylor Lane Construction, Inc./
Original Contract Value: \$26,123,953.00 / Approved Change to Date: \$0.00 / Revised Contract Value:
\$26,123,953.

055 9/28/2023 (\$2,140.00) Credit for labor, materials, and equipment to delete specified grass from parkway areas (new sod by others).

FY 23 Dett Elementary School Annex and Reno / General Contractor / C1604 K.R. Miller Contractors, Inc.
/ Original Contract Value: \$30,522,000.00 / Approved Change to Date: \$0.00 / Revised Contract Value:
\$30,522,000.00.

001A 9/28/2023 \$1,010.00 Bulletin#001A revisions associated with DOB review comments and clarifications incorporated into the Issue for Construction (IFC) – Caisson drawings.

Kenwood Academy HS Renovation (FY19) / Construction Manager / PS3025C Gilbane Building Company/
Current GMP: \$12,301,709.72.

024 9/19/2023 \$215,531.00 Repair and replacement of discovered pre-existing damaged ductwork in auditorium ceiling in Building A.

Salt Dome Replacement Facility (Grand Avenue) / General Contractor / C1598 George Sollitt Construction, Company / Original Contract Value: \$8,338,814.00 / Approved Change to Date: \$1,048,015.84 / Revised Contract Value: \$9,386,829.84.

020 9/20/2023 \$527,628.06 All work associated with embankment restoration and mitigation of discovered voids at ring road and dome entrance.

The Chief Development Officer indicated that there are no Change Orders to report.

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

The meeting was adjourned.