



**PUBLIC BUILDING COMMISSION
MINUTES OF THE AUDIT COMMITTEE MEETING
NOVEMBER 1, 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 Audit Committee Meeting of the Public Building Commission of Chicago was held at the Richard J. Daley Center on November 1, 2023, at 1:00 p.m. The meeting was livestreamed.

The following Committee members were in attendance

Meeting Chair: Commissioner David Todd Whittley
Commissioner Samuel Wm. Sax
Commissioner Arnold Randall

Also attending:

Carina E. Sánchez, Executive Director

James Borkman
Patrice Doyle
Tanya Foucher–Weekley
Anne Fredd, Neal & Leroy
Lisa Giderof
Gabriela Herrera, Neal & Leroy
Jessica Higgins
Bryant Payne
Mary Pat Witry

The meeting was called to order. The reading of the minutes of the June 22, 2023 meeting, which had previously been distributed, was dispensed with and upon motion duly made and seconded the minutes of said meeting 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 person.

Commissioner Sax requested that an Executive Session be convened. Anne Fredd noted that the agenda item does not fall within the exceptions in the Illinois Open Meetings Act, to convene an Executive Session. Commissioner Sax noted his objection for the record. He indicated that there are security issues to be discussed during the meeting.

The Executive Director stated that the budget being presented today is public information. Commissioner Sax inquired if the PBC has any outstanding bills. The Executive Director and Director of Finance responded that the PBC does not have any outstanding bills.

The Executive Director reported that the PBC budget was presented to the Administrative Operations Committee on October 6, 2023. The Executive Director 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 team has faced these challenges with resilience and determination. The PBC's commitment to fiscal responsibility has driven staff to implement strategic measures aimed at optimizing every dollar spent. Through rigorous cost management, efficient project execution and innovative solutions, the PBC has not only sustained operations but also continued to deliver essential public infrastructure projects.

The Executive Director further reported that the team has sought out cost-savings opportunities, from negotiating favorable terms with suppliers to exploring innovative construction methods. The Executive Director introduced the PBC's Director of Finance, Tanya Foucher-Weekley, to provide the budget report.

The Director of Finance reported 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 the team has sought cost saving opportunities.

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 to be completed 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 shows a significant decrease of the WIP over a 6-year period, from 2020 through the projection for 2025. In 2020, the WIP was \$251 million, over the past three years, the WIP has been averaging under \$100 million, with a continued forecast of a further decline. \$81 million is projected in 2023, proposed \$74 million for 2024 and for 2025 the planning budget is \$43 million, based on projects that have approved Undertaking Requests.

The Director of Finance stated that the PBC has been reporting on this decline, over the last few years, and continues to take the necessary steps, through rigorous cost management, efficient budget execution, and innovative solutions to sustain the operations of the Commission. This WIP is not the same as project budgets. Individual project budgets and those costs are separate from the Administrative Budget. Based off the Work In Place from the project budgets, the PBC generates the administrative revenue based on that amount of money and the agency's recoverable expenses.

The estimate of resources available for the 2024 Administrative Budget is \$6,794,962. The PBC's Administrative Fee, anticipated to be collected on active projects, is approximately \$5 million and the reimbursable for direct allocation of Project Management Services and for Daley Center Insurance Expense is \$1.7 million.

The proposed 2024 Administrative Expense Budget has an overall increase of 1% or \$103,924.00 over the 2023 Budget.

The total proposed 2024 Administrative Expense Budget is \$8,361,438.00.

- 61% of the budget is for total personnel services and includes salaries, insurance, and retirement benefits.
- Insurance totals \$833,000.00.
- Legal fees \$182,000.00.
- Inspector General fee \$204,117.00.
- Professional Service fee \$354,000.00.
- Rent/Leasehold Improvements (included in the Richard J. Daley Center Budget) \$736,590.00.
- Office and Other Administrative Expenses \$171,750.00.
- Computer Maintenance, Equipment and Software \$452,144.00.
- Contingency/Business development \$400,000.00

Commissioner Sax inquired if the rent for the Richard J. Daley Center is up to date. Director Foucher-Weekley indicated that the county/city pays rent to the PBC and the PBC in turn pays Transwestern for building expenses. Rent payments are current.

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 in delivering projects. Staff continues to explore innovation solutions, seek partnerships, and prioritize projects to yield the maximum benefits for the residents of the city.

The PBC will maintain the available resources that will continue to enhance and ensure the longevity of the PBC.

Commissioner Sax asked that last time the building was appraised and asked if we have a value on the building for the balance sheet? Director Foucher-Weekley replied that \$71.6 million for the Daley Center. The total net assets for the building are \$113 million.

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

The Executive Director responded that we are having conversations with the Mayor's Office and that the PBC remains very diligent in how the budget is managed is remains committed to finding cost savings. The Executive Director indicated that the plan is to come back next quarter to update the Commissioners. The goal is to undertake additional work. Since the PBC is not a taxing body, projects are needed to sustain the agency. The Executive Director thanked Commissioner Randall for partnering with the PBC with new Forest Preserve District of Cook County projects. The Executive Director stated that conversations have begun with the county regarding work but are in the very early stages.

The Executive Director commended the PBC staff and indicated that the PBC is operating at a low staffing level, and staff have stepped up to do more with less, while taking on additional responsibilities.

The Director of Finance added that the actual numbers will come down from the budget to bring the gap much closer than the projected \$1.6 million. She indicated that as the actual numbers come in, the PBC may remain flat and close the gap as the year goes on.

The Executive Director discussed a saving initiative related to the agency's software/technology investment to modernize systems. By making this investment in eBuilder, it now allows the PBC to see savings, because of the up-front planning.

Chairman Whittle asked when the Daley Center was last appraised. Director Foucher Weekley stated that the building does a 5-year assessment for capital planning. The last appraisal would have been within the past 3-4 years when the Property Manager conducted the last assessment. Chairman Whittle asked if there is an agreement in place with the Property Manager. Director Foucher-Weekley indicated that yes, there is a contract with a Property Manager. An active procurement is underway for Property Management Services, as the current agreement expires at the end of the year. The Executive Director added that the current Property Management team is very proactive and had handled the pandemic very well. Commissioner Sax complimented the staff for their work in navigating the pandemic. The Executive Director added that the building security at the Daley Center is very well coordinated.

The Committee accepted the budget report provided by the Executive Director and the Director of Finance.

The meeting was adjourned.