

**PUBLIC BUILDING COMMISSION
MINUTES OF THE ADMINISTRATIVE OPERATIONS COMMITTEE MEETING
SEPTEMBER 25, 2024**

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 September 25, 2024, at 1:00 p.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:

Ray Giderof, Executive Director

James Borkman
Patrice Doyle
Tanya Foucher-Weekley
Lisa Giderof
Gabriela Herrera, Neal and Leroy
Rudy Manning (remote)
Patricia Montenegro
Bryant Payne (remote)
Mary Pat Witry

The reading of the minutes of the September 4, 2024, 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 thanked the Committee members for their support and guidance over the past year. He reported that the proposed 2025 Richard J. Daley Center Operating and Capital Budget and proposed 2025 PBC Administrative Budget will be presented to the Committee. He reported that the budgets represent a positive outlook for the PBC. 2024 represented an opportunity to welcome new and renewed relationships with municipal and county partners for opportunities to reshape communities and public facilities. As a result of the strategic efforts undertaken by the PBC, the Executive Director reported that there is a balanced budget for fiscal year 2024. The PBC has worked to ensure the proposed 2025 Administrative Budget remains flat by managing resources and expenditures to meet immediate needs and long-term goals. With support from the Chairman, the Board of Commissioners, and municipal and county partners, the PBC's projected Work in Place (WIP) for 2025 is currently trending upward. The Executive

Director further reported that the PBC is proud to present a diversified portfolio of investments across various sectors, which ensures resilience, mitigates risk and provides new opportunities for growth. The proposed 2025 PBC Administrative Budget helps to move the agency forward strategically to ensure prosperity for all, while safeguarding the future. In conclusion, the Executive Director introduced the PBC's Director of Finance, Tanya Foucher-Weekley, to present both budgets.

The Director of Finance first presented the 2025 Operating and Capital Budget for the Richard J. Daley Center (Daley Center). The budget is prepared in conjunction with the Property Manager for the Daley Center, Transwestern Commercial Services.

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 was the procurement of tenancy for the retail space on the concourse level of the Daley Center. That goal has been met and the building has executed a lease with Café Descartes, with an opening in Q4 2024. Leasing this vacant space provides a rent stream and offers convenience to tenants and visitors in the building. The anticipated increase in the rent stream is \$6,734.00.

The Director of Finance reported that the Daley Center's total 2025 Operating Expense Budget is \$21,760,788.00 and reflects an increase of 4.39% over the 2024 budget of \$915,527.00. The increase in operating expenses 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.

The Director of Finance reported on the Operating Expense Allocation among tenants for 2025, based on the square footage of space leased.

Cook County – 94.92%

City of Chicago – 0.344%

Illinois Workers Compensation Commission 1%

Illinois Liquor Control Commission – 0.739%

Public Building Commission 2.985%

The 2025 Capital Improvement Plan for the Daley Center includes the following projects.

- ADA upgrades
- Building security enhancements
- Courtroom lighting upgrades
- Building riser infrastructure assessment
- Security door replacements

The Capital Improvement Plan for 2025 totals \$2,783,209.00 which represents approximately a \$1M decrease from the 2024 Capital Improvement Plan Budget. There are also seven 2024 Capital Projects that are being carried over into 2025 for completion.

Commissioner Randall asked, "Is there is a five-year plan for the Capital Project planning?"

The Director of Finance responded that there is a 3rd party assessment and with that assessment report, the PBC and the Daley Center Property Manager coordinate with the County to develop a five-year Capital Plan to budget and prioritize projects. This is the third year of the five-year plan. Safety and security projects are always prioritized.

Commissioner Randall also asked. "As technology evolves, does the County look to make significant upgrades or changes and how does that work?" The Director of Finance responded that it depends on the request. Requests may be for tenant improvements vs. capital projects and tenant improvements are 100% tenant funded.

Next the Director of Finance reported on the 2025 PBC Administrative Budget. The Director of Finance reported that over the last year the PBC has taken the time to reset and reenergize the organization, because of these efforts and initiatives, the PBC is proud to present a WIP with a more diversified portfolio of investments across new and renewed sectors.

The Director of Finance reviewed the slide titled PBC 2025 Administrative Budget Projected Work in Place, that depicts two scenarios. First is the proposed WIP as reported last year during the 2023 Annual Meeting at \$74M versus today, projected at \$149M, an increase of \$75M. The 2025 WIP is anticipated at \$183M, an increase of \$140M. The WIP projections for 2024 and 2025 have significantly increased.

Next the Director of Finance reviewed the slide for PBC's 2025 Administrative Budget Projected WIP by Agency. The chart breaks down how the PBC has increased the WIP with a diversified portfolio of clients and new work sectors, with positive FY2026 projections.

The Director of Finance reported that the PBC is no longer operating in a deficit between resources and expenses, as reported last year. The PBC is projected to end the fiscal year 2024, with balanced expenses and a surplus.

Current projections into the Q4 2024 indicate a \$1.4M surplus, as the PBC rebuilds from a deficit incurred during the pandemic years. The PBC is nearing the final close-out of the CPS FY2019 Program, which enables the PBC to collect final administrative fees to help rebuild the PBC's reserves. Additionally, PBC's new partnership with CDOT has added resources for FY2024.

As the PBC forecasts for the 2025 budget year, a similar pattern and outcome is anticipated. For FY2025, the PBC anticipates resources will meet projected administrative expenses.

The proposed 2025 Administrative Budget is \$8,575,171.00, which is a flat 2% increase or \$175,709.00 from the 2024 budget.

Next the Director reported on two budget items with a variance of plus or minus 10% from the previous year's budget.

Insurance expenses exceed the prior year's budget by 13%. Insurance covers both the Richard J. Daley Center and PBC's General Insurance. The total budget for insurance is \$957,000.00 with an increase of \$124,000.00 from the prior year. The insurance for the Daley Center has regular market increases. The insurance portfolio for the Daley Center includes commercial, property, casualty and active assailant policies.

PBC's administrative Legal Fees have decreased by 30%. Administrative legal fees are not associated with PBC projects.

In conclusion, the Director of Finance emphasized the PBC's commitment to fiscal responsibility has driven the agency to implement strategic measures aimed at optimizing every dollar spent and is committed to upholding standards of excellence, delivering projects that matter and ensuring effective public service.

Commissioner Randall asked, "How often the PBC requests proposals for insurance services?" The Director of Finance reported that the broker does go to the market annually. Next year the PBC plans to issue a Request for Proposals for General Insurance services. The Daley Center Insurance is separate and is reimbursable, but due to the size of the building and proximity, there have been increases in the coverage.

Commissioner Randall recognized the improvement in the WIP. He stated that it is an impressive increase and is a credit to the work of the agency.

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

The Director of Procurement reported on a task order award for Specialty Consultant Environmental Engineering Services to ECS Midwest, LLC for the Malcolm X College Learning Center (Washington Park) in the amount of \$52,138.80.

The Director of Procurement advised that the next item on the agenda, regarding Design Architect Services, will be deferred and moved to next month's agenda.

The Director of Procurement reported on the Construction Manager Guaranteed Maximum Price (GMP) Report for various projects. On behalf of PBC clients, CPS and AIS, the board previously approved various Construction Managers for several projects. As the Initial GMP is updated by amendment, staff provides an updated Construction Manager Report to the Administrative Operations Committee. Following review of scope, schedule, budget and other project factors, staff negotiated the current GMP for the projects. The last report was provided in April 2023, and since that report, GMP's for the following six projects have been updated: Palmer Elementary School Annex and Renovations, Dirksen Elementary School Annex and Renovations, Kenwood Academy High School Renovations, Lakeview Health Center, Juvenile Intervention and Support Center, and Pershing East Building Upgrades.

Next, the Director of Procurement reported on the Design Build GMP Report for various projects. Following review of scope, schedule, budget and other project factors, staff negotiated the current GMP for the projects.

The updated GMP's are all within the Project Undertaking budget amounts approved for the various projects. The Director of Procurement reported on the following Design Build Projects; Hancock Replacement School, Engine Company 115, Joint Public Safety Training Campus – Phase 1A, and Joint Public Safety Training Campus – Phase 2.

Commissioner Randall asked, “Are these amendments due to a change in the scope or scale of the projects?” The Director of Procurement explained that as the projects begin, an Initial Guaranteed Maximum Amount is identified, and as the project develops with either the Construction Manager or the Design Builder, the amount adjusts accordingly. When the PBC appoints the Construction Manager or the Design Builder, PBC commits to report back at regular intervals during the project. As the project nears completion, the GMP Amendment may also decrease.

The Director of Procurement reported on a recommendation to approve amendments for time only, as follows;

- Photographic Documentation services to Munsterman Services, LLC dba Multivista
- Design Architect services to FGM Architects, Inc., Legat Architects, Inc, and SMNGA, Ltd.
- Audit Services to Deloitte & Touche, LLC

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

The Executive Director reported there were no Field Orders above the reporting threshold. The full Field Order Report is listed below.

Dett Elementary School Annex and Renovations / 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.

028R1	9/12/2024	\$6,611.19	Revisions to the specified work associated with existing and new trees.
040A	9/12/2024	\$3,398.07	Furnish and install Treegator original gator bags at new trees.
Subtotal:		\$10,009.26	

Kenwood Academy Link and Mechanical Project / General Contractor / C1602R – F.H. Paschen, S. N. Nielsen & Associates, LLC / Original Contract Value: 9,985,000.00 / Approved Change to Date: \$0.00 / Revised Contract Value: \$9,985,000.00.

002	9/5/2024	\$23,195.70	Revisions associated with existing foundations at Kenwood / Canter in accordance with Bulletin 2.
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The Executive Director provided a recommendation to ratify a Change Order in the amount of \$75,603.62 for the Belmont Cragin Elementary School Project. The Change Order is to provide labor, materials and equipment to install a second expansion tank in the Mechanical Room.

The Executive Director reported on regular reports, development status and other matters as follows.

On September 19, 2024, PBC was honored to serve as a panelist at HACIA's Vertical Design Panel and Networking Event. Also participating were representatives from the Capital Development Board, the University of Illinois and DuPage County. It was a great discussion on transformative projects shaping Chicago's landscape, with a spotlight on innovative engineering and architectural opportunities. HACIA is a valued Assist Agency working with the PBC.

On September 26th, the PBC plans to host the fourth Assist Agency Conference, as part of a commitment to continue to strengthen partnerships with the Assist Agencies and proactively work on strategies to better support small, minority and women-owned businesses. The intent of the conference is to continue to maintain open communication regarding procurement opportunities, and enhanced outreach efforts. The PBC hopes that the ongoing dialogue with the agencies and their membership will maintain open lines of communication.

The AO Committee accepted the reports from the Executive Director.

The meeting was adjourned.