



# PUBLIC BUILDING COMMISSION

## Minutes of the Administrative Operations Committee meeting held September 26 2016

Public Building Commission of Chicago | Richard J. Daley Center | 50 West Washington Street, Room 200 | Chicago, Illinois 60602 | (312) 744-3090 | pbcchicago.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, 2016 at 1:00 pm.

The following Committee members were present:

Chairman Jose Maldonado  
Commissioner Arnold Randall

Also present were:

Felicia S. Davis  
Lori Lypson  
Raven DeVaughn  
Lisa Giderof  
Ray Giderof  
Art Del Muro  
Mary Pat Witry  
Bryant Payne  
Tanya Foucher-Weekley  
Lawrence Thomas  
Frank Rico  
Eileen Ryan  
Dan Trevino  
Bobbie Newmark  
Brittney Gorski  
Montserrat Lopez  
Andre Wiggins, MB Real Estate  
Langdon Neal, Neal & Leroy  
Matthew Peterson, Inspector General  
Jesse Escarpita, Inspector General

The reading of the minutes of the September 12, 2016 Administrative Operations Committee meeting which were previously distributed, was dispensed with. 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 persons.

Executive Director Davis provided the AO Committee with an introduction to the PBC 2017 Administrative Budget. She stated that the PBC is a non-taxing body that generates its own revenue and that the two main sources of revenue are bond lease funds and the administrative fee charged on PBC projects. Previously the bond lease revenue covered up to two thirds of the budget. She noted that as bond series are retired, the lease revenues decline. Today the bond lease funds only generate \$1.5M annually and will expire completely in 2020. She reported that the PBC has a structural deficit which is a gap between the budgeted expenses we have and our current and projected resources. Director Davis highlighted the accomplishments achieved in the past year including;

- 2016 Healthcare cost reductions of 400K were realized by aggressive negotiations, issuing a new RFQP in 2015 and increased employee contributions
- Savings of \$1.7M personnel expenses which included staff layoffs, position elimination, attrition and reassignment
- 225K reduction in general insurance cost due to the elimination of a claim reserve, the renegotiation and the aggressive marketing and re-procurement of the total insurance package

Director Davis explained the need to align the budget with the projected work requiring hard choices and necessary modifications that will allow the PBC to operate within its means. The Executive Director stated that cost savings and efficiencies would continue to be identified and she would continue to provide quarterly updates to the committee on progress in reconciling the budget with the projected workload at the PBC.

Next, PBC Comptroller Tanya Foucher Weekly provided the details of the 2017 Administrative Budget, totaling \$10,274,188 – which is \$2.1M or nearly 20 percent less than the 2016 budget. The Comptroller outlined the efficiencies and savings that have been identified as follows;

- Total personnel services are \$1,651,175 which is notably a 20% reduction over the 2016 budget.
- Legal fees have been reduced by \$35,000 or 20% in comparison to the 2016 budgeted amount.
- Daley Center Insurance costs savings of \$100K
- By increasing competition Professional Services fees continue to decrease. Professional Service fees are \$126,084 or 20% less than 2016.
- A reduction in Office and Other Admin costs will yield \$72,900 for savings in 2017.
- An assessment of our technology needs warrants some much needed upgrades to computer hardware and software, yet the 2017 budgeted amount still reflects a costs savings of \$33,970 in comparison to 2016.

While all other areas of the PBC budget have identified costs savings, Rent/Leasehold Improvements is being budgeted for an increase of 10% based on the Richard J. Daley Center 2017 annual operating expenses. The Comptroller gave a detailed overview of the PBC's Work In Place (WIP). The available resources are calculated based on a three percent administrative fee earned on a portion of the WIP. Since construction projects last in duration over several years, the PBC only forecasts the percentage estimated to be completed in the upcoming budget year. The PBC breaks its WIP into two components, projects undertaken and planning projects. For projects undertaken in 2014, 2015 and 2016 with open contract balances to be carried into 2017 represent \$40.3M of the PBC's 2017 WIP. In total, the PBC's estimated 2017 WIP for undertakings and anticipated projects is \$107M.

The PBC Comptroller reported on the Richard J. Daley Center 2017 Operating and Capital Budget. The total operating budget for 2017 is \$15.73M which is a 3.4% increase over the 2016 budget. The primary reason for the increase is due to rising utility costs, administrative and professional services, cleaning expenses and annual changes to Union labor rates. These increases are offset by a 7.3% cost reduction in the building insurance expense; which the PBC negotiated for the benefit of all tenants. The capital budget of \$2.3M for 2017 includes repairs to the Clark Street stairway, re-lining of cooling towers, elevator upgrades, exit ramp barrier systems upgrades and security enhancements.

The Committee accepted the budget reports provided by the Executive Director and the Comptroller.

Next the Chief Operating Officer, Lori Lyphon reported on the following professional service recommendations;

- A specialty consultant task order issued to Landmark Engineering for surveyor services at the Daley College Advanced Manufacturing Center Project in the sum of \$30,200.00.
- A specialty consultant task order issued to Environmental Consulting Group, Inc. for environmental renovation and demolition services at the Edwards Elementary School Renovation Project in the sum of \$76,720.00.
- A recommendation to approve the appointment of Johnson and Lee as the Architect of Record for the Whitney Young Branch Library Expansion and Renovation Project.

The AO Committee accepted the report provided by the Chief Operating Officer.

Next the Director of Construction, Ray Giderof advised the committee that one field order was issued as follows;

Jamieson Elementary School Annex / Contractor: C1567 Old Veteran Construction / Original Contract Amount: \$12,989,000.00 / Approved Change Orders: \$0.00 / Adjusted Contract to Date: \$12,989,000.00  
9/1/2016 \$3,200.00                      Furnish and install two additional smoke detectors in the electrical closets of the 2nd and 3rd floor per regulatory inspection.

Finally, the Director of Construction made a recommendation to approve a change order for the Canty Elementary School Annex. This change order includes modifications to the structural steel elevation at the roof line in the total sum of \$195,030.48.

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

The meeting was adjourned.