


COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Date: July 18, 2014

To: Supervisor David Cullen, Supervisor Willie Johnson, Co-Chairs, Finance, Personnel & Audit Committee

From: Don Tyler, Director, Department of Administrative Services 

Subject: Status Update Regarding the Courthouse Fire
For Information Only

BACKGROUND

On July 14, 2014 the Co-Chair of the Finance, Personnel & Audit Committee requested during the agenda setting meeting an informational report regarding the restoration work due to the Courthouse Fire.

UPDATE

Phase II Restoration Work Continues

The current phase of the restoration work continues to center on the distribution of the power throughout the complex. This "Phase II" effort includes the inspecting, repairing and replacing of electrical cabinets, generators, transformers, capacitors and other electrical equipment. Some of the milestones include:

Work	Date	Status
Demo, Move & Wrap Damaged USS1 Electrical Cabinet	May 28 th	Done
Demo of USS2 Cabinet	July 2 nd	Done
Wrap and Remove USS1 & USS2 Electrical Cabinets	August 8 th	In Progress
Design, Purchase & Installation of USS5 Electrical Cabinet	July 26 th	Done
Design, Purchase & Installation of USS6 Electrical Cabinet	August 2 nd	In Progress
Design, Purchase & Installation of USS 6A Electrical Cabinet	August 9 th	In Progress
Design, Purchase & Installation of USS 12 Electrical Cabinet	August 30 th	In Progress
Design, Purchase & Installation of New UPS for G2A	June 1 st	Done
Design, Purchase, Install of New Courthouse Generator	Sept 30 th	In Progress
Design, Purchase, Install & Hook Up Courthouse Transfer Switches	August 5 th	In Progress
Design, Purchase, Install CH Fire Pump & Transformer	August 5 th	In Progress
Design, Purchase and Install Courthouse Capacitors	July 22 nd	Done

The tunnel between the Annex Parking and the Courthouse remains closed due to adjacent ongoing construction and is likely to remain closed until completion of the project in late August to mid-September.

Cause and Origin

As reported before, the Fund's initial conclusion is that a fire occurred in a capacitor located in the Courthouse basement. Much of the smoke damage was due to the burning of the oil within the capacitor. Cincinnati Insurance and Lexington, the Fund's reinsurer, continue to investigate the cause and origin.

Reimbursement of Costs Associated with the Courthouse Fire

The following chart summarizes the expenditures paid out and revenues received to date:

Date	Expenditures (Paid Out)	Amount	Comments
7/16/13	Universal Restoration	\$1,500,000	
7/16/13	Kelmann Corporation	\$500,000	
8/1/13	Universal Restoration	\$1,750,000	
8/29/13	Universal Restoration	\$2,000,000	
11/6/13	Universal Restoration	\$3,500,000	
1/14/14	Universal Restoration	\$249,500	
5/23/14	Universal Corporation	\$2,836,475	
06/06/14	Universal Restoration	\$714,246	
	TOTAL Paid Out	\$16,746,661	
Date	Reimbursement (Paid by Fund)		
7/16/13	Reimbursements	\$2,000,000	
7/22/13	Reimbursements	\$2,000,000	
8/9/13	Reimbursements	\$2,000,000	
11/07/13	Reimbursements	\$3,500,000	
1/27/14	Reimbursements	\$3,500,000	
7/7/14	Reimbursements	\$3,500,000	
	TOTAL Reimbursements	\$16,500,000	
	Net Surplus (Deficit)*	(\$246,661)	

*In January 2014 the Milwaukee County Board approved the appropriation of \$4,069,000 from contingency to "bridge" the gap between the County's need to pay for the work and the timing of the reimbursements by the Fund. The Fund provided an additional \$3.5 million in proceeds in early July 2014. The balance of the remaining insurance proceeds will be deposited into the contingency fund upon receipt.

Estimated Total Cost of Courthouse Fire

While we continue to work with the Fund on executing a final settlement agreement, the current estimate is that the total cost of the cleanup, restoration and repair work related to the Courthouse fire is estimated to be between \$18 and \$20 million. To date, the Fund has paid out \$16.5 Million. Finally, discussions are ongoing between the Fund and Cincinnati Insurance, our Boiler & Machinery carrier to settle Cincinnati's share of the claim. Final reimbursements are expected to cover approximately \$550,000 of Milwaukee County expenses related to salaries, overtime and incidentals.

cc: County Executive Chris Abele
Raisa Koltun, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board of Supervisors