

12-16-21 FINANCE AND AUDIT COMMITTEE APPROPRIATION TRANSFERS
 C UNALLOCATED CONTINGENCY

Action Required

Finance and Audit Committee
 2/3's County Board

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Performance, Strategy, and Budget (PSB), and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2021 appropriations of the respective listed

1)	<u>From</u>	<u>To</u>
<u>WO0660- MCDOT Admin Bldg HVAC Replacement #</u>		
75401 – Major Maintenance Bldg – (exp)		\$500,000
<u>1945 – Appropriation for Contingency</u>		
78950 – Unallocated Contingency	\$500,000	
<i># Existing Project, + Included in 5-Year Plan, * New Project</i>		

The Director of the Milwaukee County Department of Transportation (MCDOT) requests an appropriation transfer in the amount of \$500,000 from Org 1945-Appropriation for Contingencies to increase budget authority for capital project WO0660-MCDOT ADMIN BLDG HVAC REPLACEMENT.

Original Request:

The County Board approved file #21-622 for an appropriation transfer in the amount of \$600,000 from 1945-Appropriation for Contingency (Contingency) to the MCDOT-Fleet Management Division (Fleet) operating budget in order to increase expenditure authority for replacement of the failing variable refrigerant flow (VRF) HVAC system at the MCDOT Administration building (building) located at 10320 West Watertown Plank Road in Wauwatosa.

The current system uses VRF to provide supplementary heating and cooling to the building and a flow of fresh air. Since 2016, the Department of Transportation has spent \$222,865 in system maintenance and improvements due to air conditioning failures in the summer and heating failures in the winter. Repairs often take many weeks due to limited parts availability or inadequate diagnostic support. System failures creates significant heating, cooling, and fresh air challenges to a facility with 24/7 staffing. Many of these problems remain unresolved with no practical solution. MCDOT staff requested this original transfer in order to begin construction on a new system as soon as practicable in order to maintain a safe working space for Milwaukee County staff and the public and limit further spending on repairs. Given the urgency and severity of this problem, the original request for \$600,000 was made (and approved) in the July 2021 County Board Committee cycle instead of through the normal capital improvements budget process.

October 2021 Finance Committee Request (File #21-928):

Early on in the design phase, replacement costs were estimated at approximately \$600,000 and it was anticipated that the project could be bid and awarded by the close of 2021. In consideration of this, the \$600,000 was budgeted in the MCDOT-Fleet operating budget as opposed to the creating a new capital budget. Now that design has been completed, cost estimates for the project increased by almost \$600,000 higher than expected. As a result, bidding and award of the project will likely go into 2022. In order to better manage the project accounting and contract(s) due to the bridging of years 2021 and 202, the creation of new capital project WO0660-MCDOT ADMIN BLDG HVAC REPLACEMENT was established in via the transfer action.

Budget authority from the following sources was transferred/created for new capital project WO0660-MCDOT ADMIN BLDG HVAC REPLACEMENT in order to address the overage:

1. Vehicle/equipment auction revenue-

MCDOT-Fleet receives revenue from its vehicle and equipment auction. For 2021, Fleet has \$50,000 budgeted for this revenue. However, MCDOT staff have indicated net sales exceeding \$400,000. As a result, the additional auction revenue is requested to be used to help partially fund the project deficit WO0660-MCDOT ADMIN BLDG HVAC REPLACEMENT.

2. WO0337-HOUSE OF CORRECTION FLEET EQUIPMENT (2020)-

MCDOT staff has indicated that this project is complete and is closed out. The project currently has a balance of just over \$111,000. This request is transfer the remaining balance to help partially fund the project deficit in new capital project WO0660-MCDOT

ADMIN

BLDG

HVAC

REPLACEMENT.

3. Original appropriation County Board approved file #21-622-

In July 2021, the County Board approved the original \$600,000 appropriation to address the VRF HVAC replacement within the MCDOT-Fleet operating budget. The request transfer \$600,000 in budget authority to new capital project WO0660-MCDOT ADMIN BLDG HVAC REPLACEMENT.

4. Debt Service Reserve (Account 32100)-

A total of \$101,817 of Series 2018F Notes was allocated from the Debt Service Reserve to partially fund the project deficit in capital project WO0660-MCDOT ADMIN BLDG HVAC REPLACEMENT.

1.) Requested Funding Sources to Address Project Deficit-	
Vehicle/equipment auction revenue:	\$385,000
WO0337-HOUSE OF CORRECTION FLEET EQUIPMENT (2020):	\$111,083
Debt Service Reserve:	\$101,817
Total Appropriation Transfer Request:	\$597,900
	+
2.) Original Funding (Board File #21-622)-	\$600,000
	=
3.) Total project budget authority for new capital project WO0660-	\$1,197,900

Current Request:

In October, the Architectural, Engineering & Environmental Services (AE&ES) Section of the Department of Administrative Services - Facilities Management Division, received bids for the MCDOT Administration Building HVAC Replacement project. The lowest bid was \$200,000 more than originally estimated by Grumman & Butkus Engineering consultants. In addition to the increased bid cost, AE&ES informed the MCDOT that an additional \$250,000 in soft costs and \$50,000 in miscellaneous allowance (per the bidder) is required in order to begin the project.

The costs are broken down below:

\$200,000	Bid cost increase for MCDOT ADMIN BLDG HVAC project above the estimate;
\$50,000	Miscellaneous Allowance per lowest bidder (covers potential unforeseen conditions/risks);
<u>\$250,000</u>	AE&ES Soft costs (consultant fees, project coordinator, project manager)
\$500,000	TOTAL

If approved, this appropriation transfer of \$500,000 would increase total budget expenditures to \$2,297,900:

\$600,000	Original Budget (#21-622);
\$1,197,900	October Appropriation Transfer Request (#21-928);
<u>\$500,000</u>	Current Appropriation Transfer Request
\$2,297,900	TOTAL

This fund transfer has no tax levy impact.