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TO: Theodore Lipscomb, Sr., Chairman
Milwaukee County Board of Supervisors

FROM: Paul Kuglitsch, Deputy Corporation Counsel *PK*

DATE: August 17, 2018

RE: *Grandview Management, Inc. v. Milwaukee County*
Case No. 2016-CV-4676

I request that this matter be referred to the Committee on Judiciary, Safety and General Services and Finance and Audit for approval of an amendment to an already approved settlement agreement between Milwaukee County (the County) and Grandview Management, Inc. (Grandview).

On February 1, 2018, the Milwaukee County Board of Supervisors adopted Resolution File No. 18-99 (attached) authorizing a settlement of a breach of contract claim filed by Grandview against the County. Grandview's claim is for alleged damages suffered by the 2010-2011 closure of the O'Donnell Park parking structure and the 2016 closure of the Domes at the Mitchell Park Horticultural Conservatory (Domes). As part of the settlement, the County and Grandview agreed to split the costs of installing an HVAC in the Annex on a 50/50 basis so that the venue could host events year-round and drive increased revenue to the Parks Department.

The preliminary costs of installing the HVAC was \$400,000. This quote was for a base system that included four 30-ton Luxaire R-410 460-3ph gas heat package units with four stages of cooling. Two of the units would be positioned on each side of the building. Metal ductwork would lead into the building and there would be four return air intake grilles in the lower side panels. In addition, there would be one exhaust fan. The Department of Administrative Services, Architecture and Engineering Division (DAS-A&E), and Parks Department reviewed the proposal and determined that there was no clear indication as to how this system addresses the park aesthetics or noise levels. DAS-A&E also noted that a major shortcoming of the proposed system was the dehumidification mode during cooling cycles at peak dew point values.

After DAS-A&E's and Park's review, the County and Grandview agreed to spend a portion of the \$400,000 to issue a request for proposals to find the most suitable, sustainable, and economical HVAC system. Two firms submitted proposals. Both proposals contained a base system, like the initial design, and a more expensive alternate system. After reviewing the proposals, DAS-A&E recommended the alternate system – a chilled beam HVAC. The chilled beam system cools the environment using 60-degree water for a chilled beam along with a dedicated outdoor air system, which is treated and cooled by the chilled water from the chiller. An underground storage water

tank or other system can be utilized for chilled beams during periods of low humidity resulting in energy savings and reduced chiller size. The maintenance of this type of system is also much less because there are no moving parts inside. The County and Grandview agreed that this type of system is likely the optimal solution. However, as previously noted, this system is more expensive. The chilled beam system costs approximately \$750,000, or \$350,000 more than what had already been approved.

To account for the additional costs, the County agreed not to seek reimbursement for its project management costs, or roughly \$120,000. This reduced the system price to \$630,000. The County agreed to extend Grandview's agreement at Boerner for an additional 3 years. Of the \$630,000, Grandview agreed to split the costs on a 50/50 basis (as previously agreed to) and to pay the County's additional \$115,000 in costs; provided, however, the County would reimburse Grandview through an initial reduction in county-earned revenue during the initial term of the Operating Agreement.

Other than the above referenced amendments, the terms and conditions in the already approved Term Sheet (attached) and File No. 18-99 remain in effect.

Attachments: 18-99 COUNTY BOARD RESOLUTION
18-99 ZILLI PROPOSED TERMS

cc: Raisa Koltun
Kelly Bablitch
Allyson Smith
Guy Smith
Greg High

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