

2-7-19 FINANCE AND AUDIT COMMITTEE APPROPRIATION TRANSFERS  
 E UNALLOCATED CONTINGENCY FUND

Action Required

Finance and Audit Committee  
 County Board (2/3 Vote)

WHEREAS, your committee has received from the Department of Administration, Fiscal Affairs, the following department requests for transfer to the 2018 appropriations from the allocated contingency fund and 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 Administration, is hereby authorized to make the following transfers in the 2018 appropriations from the unallocated contingency fund:

1)	<u>From</u>	<u>To</u>
<u>WP68601 Domes Annex HVAC #</u>		
6146 – Prof. Services Cap/Major Maint		\$85,000
8509 – Other Bldg Imprvmt (Cap)		\$345,000
9706 – Prof Division Services		\$120,000
4999 – Other Misc Revenue (Grandview Management Contribution)	\$315,000	
<u>1945- Appropriation for Contingency</u>		
8901 – Unallocated Contingency	\$235,000	

A 2018 appropriation transfer is being requested by the Director of Parks, Recreation and Culture (“Parks”) to increase expenditure authority for Project WP68601 Domes Annex HVAC by \$550,000. Financing is requested to be provided from \$315,000 in revenue from Grandview Management Inc. (aka “Zilli’s”) and \$235,000 from Org. Unit 1945 – Appropriation for Contingency.

**Background**

*Resolution 18-99*

In February 2018, the County Board and County Executive approved County Board Resolution File 18-99 that authorized the a settlement of a breach of contract claim filed by Grandview Management against Milwaukee County. The 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 (“the Domes”).

As part of the approved term sheet, the County and Grandview agreed to split the costs of the installing the HVAC at the Domes Annex. The initial cost estimate for the HVAC system installation was \$400,000. Resolution 18-99 assumed that Grandview Management would manage the project and provided a \$200,000 appropriation for the County’s share of the project.

Subsequent to the approval of the February resolution, an engineering study was undertaken to find the most suitable, sustainable, and economical HVAC system. After reviewing proposals, it was determined that a chilled beam HVAC system should be used. A chilled beam system cools the environment using 60 degree water for a chilled beam along a dedicated outdoor air system, which is treated and cooled by the chilled water from the chiller. The chilled beam alternative would address noise issues, aesthetic issues, and humidity issues associated

with the Base System<sup>1</sup> that was assumed as part of the initial cost estimate. Grandview, Parks and the Department of Administrative Services- Facilities Management Architecture, Engineering and Environment (“DAS-AE&E”) agreed that the chilled beam system was the best option. The cost estimate for the chilled beam system is \$750,000, which is \$350,000 greater than the initial estimate. In addition, it was determined that the County would be responsible for project management.

Resolution 18-657

In October 2018, the County Board and County Executive approved County Board Resolution 18-657, which amended the term sheet to acknowledge the increase in estimated costs for the Domes Annex HVAC System and provides for a revised split of the project costs. Of the total \$750,000, \$120,000 relates to County project management costs. The County agreed to cover 100% of the County project management costs. Grandview Management and the County agreed to split the remaining \$630,000 costs 50/50.

Appropriation Transfer Request

This appropriation transfer will increase the total project budget for WP68601 Domes Annex HVAC System to account for county management of the project and the higher cost estimate that were included in County Board Resolution 18-657. Resolution 18-657 did not include an appropriation and it anticipated that Grandview would loan the County funds beyond the County’s existing appropriations. This appropriation transfer will provide the County with sufficient funds to complete the project and the County would not borrow funds from Grandview Management.

This appropriation transfer will provide \$120,000 of additional expenditure authority to cover the County’s project management costs, it will provide \$115,000 of additional expenditure authority to cover the County’s 50% share of the \$630,000 remaining costs, and provide \$315,000 of expenditure authority related to Grandview’s 50% share of the \$630,000 remaining costs. Financing of \$235,000 will be provided from the Appropriation from Contingencies to cover the County’s share of the project. Financing of \$315,000 will be provided from Grandview Management to cover their share of the project. It is anticipated that the final agreement with Grandview will indicate the both parties will be responsible for any project overages (excluding project management).

This fund transfer has no tax levy impact.

TRANSFERS SIGNED BY THE COUNTY EXECUTIVE DECEMBER 28, 2018

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<sup>1</sup> The Base System included four 30-ton Luxaire R-410 460-3ph gas heat package units with four stages of cooling. Two units would be positioned on each side of the building. Metal duct work would lead into the building and there would be four return air intake grills in the lower side panels. There would be one exhaust fan.