

INTEROFFICE COMMUNICATION

DATE: June 10, 2021

TO: Marcelia Nicholson, Chairperson, Milwaukee County Board of Supervisors

FROM: Amy Keltner, Director, AE&ES Section, DAS-FM Division

SUBJECT: Request for approval of an appropriation transfer for capital project WT079 –MCTS Fleet Maintenance Roof Replacement modifying the scope of the project to include a new fire protection system, new electrical capacitor banks, and various electrical repairs. Also, utilize the Appropriation for Contingency funds to finance non bond-eligible project items and reduce bonding authority by the same amount.

FILE TYPE: Action

REQUEST

The Director of the Department of Administrative Services (DAS) recommends approval of the attached resolution authorizing and directing the DAS – Performance, Strategy and Budget and the Office of the Comptroller to provide an appropriation transfer to effectuate the following:

- Modify the scope of capital project WT079 - MCTS Fleet Maintenance Roof Replacement (Roof Replacement Project) to include the scope of work for replacement of the fire protection system, repair/replace various electrical conduits and wiring, and provide a new electrical capacitor bank.
- Request funds from the Appropriation for Contingency of \$521,663 to finance items that are ineligible for bond financing and reduce bonding authority by the same amount.
- Reduce bond financing authority by \$1,100,000 to realign the project budget due to the lower than expected bid amount for construction.

OVERVIEW

The Roof Replacement Project was approved for design as part of the Adopted 2019 Capital Budget. The Adopted 2020 Capital Budget included \$3.75M for construction. The roof is over 30 years old and is well past its useful life. A construction contract was bid in March 2020 and awarded to Hernandez Roofing. Construction began in May 2020.

In October 2020, screws used to secure the new roofing insulation to the deck damaged electrical and fiber optic conduit mounted below the roof deck, shorting out the electrical system. Kelmann Restoration was brought in under an Emergency Restoration Contract to attend to restoring the power and fire protection systems. Kelmann teamed with Grunau to address the fire protection system and Pro Electric for the electrical system. The fiber optic cable was determined to be in acceptable condition.

The electrical conduits have been damaged at numerous locations by screws. It was determined that screws had penetrated the electrical conduits as early as June. Replacement of electrical conduits and wiring was required to restore the integrity of the electrical system. Shorts in the electrical system caused the fire protection control panel to be damaged beyond repair. As a result, an entirely new fire protection system is needed.

While the fire protection system was out of service, a fire watch patrol was used during off hours to ensure protection for the facility. A temporary fire protection control panel has been installed re-establishing functionality to the fire protection system, which allowed terminating the daily fire watch. A new fire protection system has been designed. Installation of the fire protection system will begin following the City of Milwaukee plan review. The plan review should be completed by July 1st.

It has recently been discovered that the electrical capacitor bank used to maintain an even supply of electrical power to the facility in times of heavy use is failing. The capacitor bank has reached the end of its service life. It is unknown whether the failure was accelerated due to damage to the electrical distribution system from the roofing project. This will be investigated further. Regardless, the electrical capacitor bank needs to be replaced.

FISCAL EFFECT

The cost of the emergency repair/replacement of the electrical and fire protection systems is as follows:

- Electrical: \$146,000
- Fire Protection: \$330,000
- Capacitor Bank: \$ 45,000
- Total \$521,000

These costs will be reviewed for inclusion in the claim against the roofing contractor's insurance company. The cost of the fire watch will also be considered for inclusion in the claim. If the costs are eligible for inclusion in the claim, once the insurance funds are received, an equal amount of the cash will be restored to the Appropriation for Contingency.

Roof Replacement Project Status and Surplus

The Roof Replacement Project is 85 percent complete. The accepted bid for the project was significantly lower than the construction budget amount of \$3,754,536. Therefore, there are sufficient funds in the Roof Replacement Project to cover the costs for the electrical and fire protection restoration and the replacement of the electrical capacitor banks. The estimated surplus for the project is \$1.17 million, as illustrated in Table 1 below.

Table 1

Year	Budget Amount
Budget	\$4,285,344
Expenditures To Date	\$1,649,163
Encumbrances	\$943,869
Available Balance	\$1,692,312
Fire Alarm System (Encumbered)	\$395,494
Capacitor Banks	\$45,000
Additional Electrical Work	\$81,169
	\$521,663
Remaining Balance as of June 7, 2021	\$1,170,649

An appropriation transfer is requested for approval of the following:

- Modify the scope of WT079 to include the electrical and fire protection restoration work and replacement of the electrical capacitor banks. (If insurance claims are received the Appropriation for Contingency Account will be reimburse in an amount equal to the received insurance proceeds).
- Reduce bonding authority by \$1,621,663 (\$1,100,000 reduction due to project surplus and \$521,663 for bond ineligible items).
- Allocate \$521,663 from the Appropriation for Contingency to the Roof Replacement Project.

All of the \$3,754,536 in financing for construction was budgeted to be provided from general obligation bonds. However, some of the items in the revised scope of work are not eligible for bond financing. Therefore, the appropriation transfer request includes cash financing of \$521,663 from the Appropriation for Contingency, and correspondingly reduces the project bonding authority in a like amount.

Future Appropriation Transfer

Milwaukee County Department of Transportation (MCDOT) has submitted a grant application for finance the construction costs of the project. If the project is accepted, 80 percent of eligible project expenses will be reimbursed.

The anticipated maximum grant amount is \$2,592,848, which is 80 percent of the \$3,241,060 in eligible expenses. The amount was based on the adopted budget amount of \$3,754,536.

The actual grant revenue will be based on actual expenditures. Since the project costs are lower than anticipated, due to the low accepted bid amount, the actual grant revenue will be less than the \$2,592,848 application amount. If the grant is approved, MCDOT will submit a separate appropriation transfer to adjust the project revenues.

The issues relating to the fire alarm system were not known at the time, so the \$521,000 amount was not included in the grant request. The MCDOT has spoken to the granting entity who indicated that a determination on the eligibility and availability for grant funds for the would not be determined until later in 2021.

RACIAL EQUITY COMPONENT

The original roofing construction contract, as well as the Emergency Restoration Contract under which the fire protection, electrical and electrical capacitor bank repairs/replacement work is being completed, include targeted business enterprise (TBE) goals with a combined participation well over 50%.

PREPARED BY: Karl Stave, AE&ES, DAS-FM

VIRTUAL MEETING INVITE: Karl Stave, AE&ES, DAS-FM
Pamela Bryant, Comptroller Office
Megan Rogers, Risk Management
Anthony Geiger, MCDOT

APPROVED BY:

Amy Keltner

Amy Keltner, Director
AE&ES Section, DAS-FM Division
Department of Administrative Services

Attachments

- Resolution
- Fiscal Note

Copy

- David Crowley, County Executive
- Mary Jo Meyers, Chief of Staff, County Executive's Office
- Jason Haas, Chair Person, Finance Committee
- Kelly Bablitch, Chief of Staff, County Board
- Aaron Hertzberg, Director, Department of Administrative Services
- Donna Brown Martin, Director, Department of Transportation
- Don Boehm, Director, MCTS

Chairperson Nicholson

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- Joseph Lamers, Fiscal & Budget Director, DAS
- Vince Masterson, Capital Budget Coordinator, DAS
- Pamela Bryant, Capital Finance Manager, Comptroller's Office
- Justin Rodriguez, Budget and Management Coordinator, Comptroller's Office
- Kelsey Evans, Committee Coordinator, Office of the County Clerk
- Emily Peterson, Research & Policy Analyst, Office of the Comptroller
- Joshua Scott, Budget & Management Analyst, DAS-PSB

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