

July 31, 2017

To: All Alders, Mayor Paul Soglin

From: Jim O'Keefe

Re: **Legistar File 48040** – Amending the 2017 Capital Budget for the renovation of the Park Edge Park Ridge Neighborhood Employment Center

On August 1st, the Common Council is scheduled to take up Resolution 48040, to amend the 2017 Capital Budget to authorize an additional \$200,000 for the renovation of property at 1233 McKenna Boulevard that was purchased by the City for use as the site of the Park Edge Park Ridge Neighborhood Employment Center. The project was originally authorized in the 2016 budget at \$1 million.

The need for additional funds is based on three factors summarized in the table below and explained in great detail beneath.

Park Edge Park Ridge Amendment	
Expenditure	Amount
Park Edge Park Ridge Construction Costs	1,025,000
Staff Time	52,000
Local Labor	34,000
Misc Expenditures	9,400
Non-PERP Expenditures (T Terrace & Meadowridge)	20,000
<i>Subtotal</i>	<i>1,140,400</i>
Budget Amount	1,000,000
Amendment Amount*	\$ 200,000

*Amendment amount rounded up from \$140k for unanticipated expenditures related to Park Edge/Park Ridge & Theresa Terrace

1. The most significant factor is new information regarding the project is the cost estimates provided by Dorschner Associates, the consulting firm retained by CDD. Dorschner developed project specifications that reflect resident input on facility use and design details gathered through three neighborhood meetings. In contrast, the original project budget, upon which the 2016 budget was based, was offered without the benefit of professional or neighborhood input.

Dorschner's estimated cost for the project totals \$1,025,000. The largest portion of this estimate (\$885,000) is for construction, including a contingency reserve. The balance includes costs associated with architectural design fees, including plan review, survey and permit fees; and furnishings, fixtures and equipment.

2. The second factor affecting project budget is the added costs of three items that were not anticipated in the original estimate, and not addressed in Dorschner's numbers. Together they add nearly \$100,000 to the project budget. They include:

- a. Charges for services performed by City staff, primarily by Engineering and Real Estate staff – approximately **\$52,000**. About half of these costs have already been charged against the project budget.
 - b. Wage and benefit costs associated with utilizing one or more neighborhood residents to work on the project – up to \$34,000. Though this feature is not required, City staff, neighborhood residents, the Urban League (the facility operator), and the district alder believe it is important to include. The estimate assumes up to 1040 hours of work and is based on wage and benefit rates supplied by the Urban League for an entry level helper position – **up to \$34,000**
 - c. Miscellaneous expenses, namely the payment of 2015 property taxes (\$7,700) and the cost of demolition work at the site (\$1,700). Total cost - **\$9,400**.
3. The last factor affecting the project budget is that the original \$1 million that was authorized has been reduced by a series of charges unrelated to the Park Edge Park Ridge project. These charges total about **\$20,000**. These charges relate to expenses incurred to address issues at the Theresa Terrace and the Meadowridge neighborhood centers. Heretofore, there has been a single Neighborhood Center line in the CDD capital budget. With no other source available from which to pay for facility expenses at these City-owned/leased centers, costs for repairs and/or improvements have been charged against funds authorized for the Park Edge Park Ridge project. They include, for example, charges to address sewer system problems at Meadowridge, to pave a driveway at Theresa Terrace and to address electrical and noise reduction issues at Theresa Terrace.

In addition, CDD and Engineering staff are currently assessing vandalism damage to windows and siding at the Theresa Terrace facility that will require repair. There is no budget provision for these expenses.

Taken together, these three factors - professionally prepared construction estimates that project a cost of \$1,025,000 to renovate and furnish the center; the emergence of additional costs related to the Park Edge Park Ridge center that are not included in the Dorschner estimates (\$95,400); and the use of about \$20,000 of the \$1 million Park Edge Park Ridge project budget to cover expenses unrelated to that project – have increased project costs to \$1,120,400 and reduced available funds by \$20,000, causing a funding gap of just over \$140,000. Needed repairs at Theresa Terrace will widen that gap a bit more.

The request to amend the 2017 Adopted Capital Budget to increase borrowing by up to \$200,000 for Neighborhood Centers will provide sufficient funds to complete the Park Edge Park Ridge project, as well as address the damage to the Theresa Terrace center. Moving forward neighborhood center projects will be budgeted as standalone projects to allow for closer cost monitoring.