

COMMITTEE REPORT

COMMITTEE: **Ad-Hoc Jo Daviess County Courthouse Committee**

CHAIRPERSON: **LaDon Trost**

DATE/TIME: **March 14, 2024 at 4:30 p.m.**

PRESENT:

☒ LaDon Trost - Chair
☒ Melisa Hammer
☒ Scott Toot

☒ Don Zillig
☒ John Lang
☒ John Schultz

☒ Kathy Phillips
☒ Kevin Turner
☒ Angie Kaiser

Others: Tessa Moore, Michael Holt, Dianne Allendorf, Steve Keeffer, Bill Groh – Shive-Hattery and Keefe Gaherty – Conlon. Mike Lewis – Shive-Hattery, appeared via Zoom.

1. **Call to Order** – The meeting was called to order at 4:30 p.m.
2. **Roll Call** – A quorum was established.
3. **Approval of Minutes** – Minutes of the January 29, 2024 Ad-Hoc Jo Daviess County Courthouse Committee meeting – **Zillig made a motion to approve the minutes of the January 29, 2024 Ad-Hoc Jo Daviess County Courthouse Committee meeting. Seconded by Schultz and motion carried following a voice vote resulting in 7 Ayes. Kaiser abstained.**
4. **Citizens Comments** – None.
5. **Unfinished Business**
 - a. Update on Courthouse Renovation Project Status – Scott Toot, County Administrator, said the bids were let and are presented in the meeting packet. There are also award recommendations from Conlon included. In the packet is the overall bid budget, including construction and project soft costs. This incorporates amounts from the FY2024 Courthouse Renovation Fund budget. The grand total is \$17,418,329.00. Toot said that Hammer's office prepared a spreadsheet, documenting everything that has been spent and where we are at. The difference, with what we have in the Courthouse Renovation Fund, is \$2,526,847.05. Toot's office prepared a document showing the average amount above the minimum fund balance policy in the General Fund over a 12-month period, and the average is around \$4.8 million above and beyond the minimum fund balance policy. He said that Kaiser asked for it to be projected further out. There is another document that was handed out that was done based off of the Treasurer's monthly Cash Reports. Treasurer Hammer stated that she wanted everyone to be aware that this is a cash basis, not accrual. It does not reflect at all, any of the budget expenses beyond that month. It's not something we can say at the end of the year that we have this amount of money to work with. It's a cash basis only, and doesn't reflect any further expenses projected out, committed or unexpected. She said in 2021, and what we were audited at, we projected a deficit of \$512,000. When we were audited, we had a surplus of \$661,000. That gave us a year-end fund balance

of \$6,839,256.00. We need to remember that in 2021, we had a lot of funding from Covid that helped cover our operating costs. The previous year was \$4.6 million. She said she cannot predict the future. We don't even have our FY2023 audit information yet. Angela Kaiser, County Clerk & Recorder, said the reason she asked for Scott's office to give at least 5 years, (10 would be even better), was to show a trend. She continued to say that while there have been some years where we've had really great revenues, even if you go to the first page for FY2018, we had our slim months in the spring/summer, where we only had \$1.9 million in the bank, and that's above the minimum fund balance policy. If we were to have another year like that, and take 2.5 million out right out of the gate, we would eat into our minimum fund balance policy. What she is worried about, is taking more money out of the General Fund. She said that may be her being cautious about lean times – if you've lived through pay freezes and things like that, you tend to want to make sure that you have to have a little money in the bank. Steve Keeffer, County Engineer, said that the minimum fund balance policy, with his understanding, is something you start the year out with. You start the year out with the minimum fund balance policy, so you don't run out of money. He thinks, to say that you don't want to get below your minimum fund balance any time during the year, seems a little conservative. Isn't that the reason why we do it in the first place? Kaiser replied that because of the policy, you're not supposed to go below your minimum fund balance. Keeffer replied with the question of what is the point of sitting on \$2 million. He said he thought that minimum fund balance is what you started the year out with. John Schultz said that it's essentially a cushion, in case we have some unexpected expenses in various funds and we have that to fall back on. Kaiser explained that we take a percentage of our budgeted expenses to figure out the minimum fund balance we must have. Keeffer said that in his world he gets a lot lower than his minimum fund balance by the time he gets to June. He said that you start out with so much money to get you through until you start getting your revenue in. Hammer said that Keeffer is correct; you can't keep that minimum balance every single month. It may fluctuate and you may go below the minimum fund balance sometimes throughout the year. We're saying it's going to cost us that amount of money for 3 months of operation. There may be months that are lower, but there are also months that are a lot higher. Keeffer said it seems to be a bit much that we're saying we need to be above the minimum fund balance every month; he said he couldn't live that way and he wouldn't get much done. He mentioned that the General Fund is a little different than the Highway Fund, because the majority of Highway's money comes from property taxes. He likened it to having a job and you don't get paid for 6 months. And you like to eat – so you better start the year out with enough money, so you're not eating ramen noodles by the time you get to May. Highway doesn't get their first 'paycheck' until around June or July when the first tax distribution is done. Otherwise, they're living off of sales tax. Kaiser asked that if you were to need money in the year and you had a bad year, what would you do. He said he would try to get a loan from one of his other funds. Kaiser replied that the General Fund is the General Fund, so any funds that may run into trouble, may need to be bailed out; it's also one of the reasons we have a Contingency fund. She said right now we are doing well; but if we hit lean times

again, and take another \$2.5 million out of the General Fund, that will make it difficult if we do hit those lean times and we'd fall below our minimum fund balance – couple that with 'the Health Department needs money', for example. She's dealing with the State right now wanting to push through rank choice voting. She would need all new equipment if that were to happen, because no equipment covers that. It would be an unexpected expense of \$200,000-\$250,000. When you live through pay freezes, you tend to get tight with the purse strings. Toot explained that if you look at the chart in the packet, you can see where it starts to go down, then go up once the tax distributions come in. That's just for one year in 2023. Tessa passed out one that had six years of data, from 2018-2023. The average amount above the minimum fund balance over that six years was \$2,062,488.43. Chairperson LaDon Trost commented that we need to resolve this before it goes any further. Kathy Phillips, Clerk of the Circuit Court, asked what other options we had. She said she thinks we're all upset about how we got to where we're at. She doesn't think that there is anybody that's not kind of concerned. Starting off we're already in the hole. We have hundreds of thousands of dollars already into this. Are there any other options anyone can think of going forward? Toot said that Shive-Hattery was clear at the start of this program, there was the option to eliminate things going forward. If there was something large you wanted to eliminate, you'd have to re-bid the project and for instance, the third floor - \$490,000 for that, you wouldn't get dollar for dollar back. He said Shive-Hattery can elaborate on that more than he can. That is one of the options we were given, was that we could potentially do that. Toot said that the money is there, and it's a good problem to have, because it's not a problem where we don't have the funds. He said he understands Kaiser's point regarding a recession or anything unexpected coming up. You cannot predict the future. But, it hasn't happened – yet. Schultz commented that going into this, we knew we would have to dip into our fund balance. Now we have a reasonably hard number, and we don't really have much of a choice other than to soldier on. Sheriff Kevin Turner said we haven't even started the project yet and we're already in the hole. We haven't done any change orders, or had any problems that we've run into yet. Unless you have a crystal ball, I don't know how we're going to afford everything on here. Hammer said we are only predicting we're in the hole. The anticipated expenses haven't happened, and hopefully they won't grow. Toot said that to be clear, Groh has said there will be change orders that come up. Bill Groh, Shive-Hattery, said he wanted to clarify that there is a contingency fund built into the project budget. If you're worried about change orders, that's where it comes from. These are the numbers that were bid. That doesn't mean that we're not going to keep continuing on to pull the numbers down. We can and will do that, wherever possible. Groh said he was looking at the numbers again, and these numbers also include several things that were not accounted for in the original courthouse project. Right now these numbers also carry a little over \$208,000 that are attributed to the Public Safety Building in the form of soffit and fascia repairs and coordination of the security systems, which has been talked about having come from a separate fund all along. He also looked at certain other expenses that are now in this bid budget – rentals, utilities, etc., for these facilities the County is in right now. These were never cooked into the original budgeting. If you look at the

list of potential proposal request reductions we can make – which Groh said he recommends we do make at least some of those – with those totals, including the Sheriff's Public Safety Building funds of \$208,600 – there is another \$461,000 we can pull out of these bid dollars. When you pull all of that out and take the other items like rentals and utilities, and compare it to the total project budget that was given to the County in September of 2022 - that upper range was \$16,750,000. We are within less than 1% of that. We are on the higher end, but we are really right on the number. Turner asked Groh if that was for change orders and everything included in that, or just the project itself. Groh replied that also included the contingency amounts. Hammer said that one of her concerns is, the number given to us in 2022 for the predicted project cost was \$15,350,000. Now we are looking at a cost of \$17,418,000. That's why she thinks people are questioning. Groh said the \$15 million was the low end. Hammer said if you go with the 'high-end', we are still at a million more, and we haven't even broken ground yet. If in that time we spend a million, what's it going to be in the next two years. Groh said that his question is what does the County want to cut out – it's very simple. He said that there are \$461,000 that they have identified. Phillips said we're in this to make a big, beautiful building. Groh replied that these items are vetted and he doesn't believe that cutting a couple of these things is going to hurt the project. Quite frankly, if he thought it was going to hurt the quality of the project, he wouldn't have agreed to them. Keefe Gaherty - Conlon, spoke. He said that the overall budget has a contingency amount in there to manage the change orders that are forecasted to come during the project. He senses that maybe those are not being considered as everyone is talking. He wanted to reassure everyone there is money in the budget that they're presenting, to manage the cost of change orders throughout the course of the project. If we took those dollars out, the numbers would certainly be less, but then we wouldn't have any dollars to use to manage those. The current funds for construction contingencies are \$300,000 which is a pretty reasonable amount of money, considering the project is 100% designed by professional engineers. Gaherty said it's a little different than a house because homes often times are left with designs that aren't complete and also left with homeowners that change their minds quite often – he doesn't feel this group is going to change their minds, because we've spent a lot of time deciding on what we've already wanted to be included on the design. Michael Holt commented that part of the decision making process today is whether this needs to be rebid or not – he feels if this is going to be rebid, then a lot of the other discussions are mute. If it's not being rebid, he would like to hear reasons why we don't think we could do better with a new bid. If there are good reasons why we wouldn't do better with a new bid, then let's move forward with accepting the bids. Trost said that when the bids came in, the high bid and the low bid were within 2%. He said by rebidding, he cannot see we're going to improve on that 2%. Holt asked why the bids came in higher than we expected they would and that maybe he's mistaken, but it seems to him that they're quite a bit higher than the professionals thought they would be. Gaherty said that we received multiple bids on all the contracts issued with the exception of contract 21 – Fire Suppression, and unfortunately that is the highest one – but when you look at those bids, you have two on the general construction work. That includes all the

concrete, masonry, metals, woods plastic, windows, roofing, etc. It's a really big package. Hammer wanted clarification on how this works. She asked if the contractor starts working for \$8 million and some type of supply goes way up, and it ends up costing them \$8.5 million, do they 'eat' that half a million or does it come out of contingency? Gaherty replied that they eat that half a million. These prices are based on a lump sum. You will not pay them any more unless there's a scope change in your document. You will write a contract for this amount and as we progress through construction, there could be things where we have deductive change orders or added change orders. That's where your construction management team, architect team and your contractors are all going to work together, and we are going to audit every change order that's being requested if it's an add or a deduct. We're going to bring that to your attention and the County is going to make the decision to accept those or not, and if it's something that's an unforeseen condition, those are where we're going to use the contingency funds to manage the project. Hammer said that when you state a soft cost allowance of \$300,000, that's for construction purposes only; so if Shive-Hattery or Conlon came in with an amendment to their contract, that is not included in that \$300,000. Groh said that it's a possibility, but from Shive's standpoint, the County would have to ask them to make a change. At this point, we're not making any changes. Turner asked how many projects Groh has worked on that didn't have a change. Groh replied there were several. That's only if they're asked to change something. He also said to be honest, there's not a lot for them to do other than the construction administration portion of the project. He said any changes to the design seem to be pretty well done. Turner asked what would happen if the contractor came back and realized that we would need something else and need an engineer to do it. Bill Groh said that he usually reserves this conversation for later on, but yes, he will make mistakes and the contractor will also make mistakes and so will the County. There isn't one person on this planet anymore that's perfect. He said he cannot guarantee that there will be no changes – but if they make a mistake, they will fix it at no charge to the County. Groh said the fact of the matter is that if they make a mistake, they will take care of it. There was more discussion on possible speed bumps the project might have. Hammer stated that we also have to remember that we have a contract with Conlon that will pay them a fee amounting to 4% of the project cost. Every time we look at changing or adding something, it will also raise the fee for Conlon. Gaherty replied that if the project cost is less than expected, their fee is still only 4% of the cost. He said they're confident on where we are at here. Kaiser said that while we have an amount of \$300,000 set aside as a contingency expense, it doesn't seem like a lot of money set aside. Her concern is that we didn't initially allow for enough. When these bids came in, \$13,080,677; we were already a \$1,068,254 over what we had planned for and it's kind of nerve wracking. Gaherty said he can appreciate that and referred to the bid documents. When you take the bids and add up all the low bids, they equal the \$13,080,000. He said that everyone is looking at the same exact design documents. You would think that if everyone was pricing this project with the same pricing book, it'd all be the same price. These guys have all of the information, 100% designed. Then, add up the high bids. The high bids are a million dollars more than the low bids

and everyone got sent the same design information. He said that when Conlon got involved, they estimated it to be around \$12 million. He thinks the less than 10% difference is reasonable. He thinks the County got some fantastic pricing. He wishes there was more than one bid on the sprinklers. It was frustrating because he said he takes immense pride in the bidding process and wants to have 2-3 bids for each contract. When you look at the amount of participation the County had, Gaherty thinks it's really good. Kaiser gave an example of an unexpected cost coming up – poor soils in the parking lot, perhaps. Groh mentioned they are poor, which was anticipated. These bids also took that into account. Gaherty said that he appreciates the concerns the members of this committee have. He said he respects everybody here and quite frankly, he is confident. To look at it on the flip side, imagine we rebid this project and how it would affect the overall cost. Most likely, the County would end up going down to a single bidder on all the contracts. If enough design wasn't changed, people might think that you were just shopping for a better price. He also said it would possibly have contractors that weren't the lowest bid initially, try to get under the other contractors to make their bid the lowest the second time around. Kaiser stated she isn't interested in rebidding and wasn't sure what others' thoughts were. Gaherty said that the County is making the right decision by not rebidding. It would take another 3-4 months' time to rebid and go through the process again. John Lang said he cannot see going back and rebidding at this time. The way the economy is going, we aren't going to save a tremendous amount of money doing so. There was some discussion amongst the members on how to approve each contract. Gaherty said to move forward, we need to accept the bids for the amount, and then they will ask the contractors to give them a credit for changing flooring or anything else in the suggestions, when the time comes. All they need to do is reach out to the contractor for those types of changes. Hammer asked if the contractors could tell us no. Groh said it doesn't necessarily work that way and the contractors are required to respond to the proposal. Gaherty said for example, look at item number 2; he said that a contractor knows if you're going to take stone veneer off the interior walls and put paint on, you're going to save money. They can't come back and deny you a credit on the stone you decided not to use. That's not going to happen. Kaiser said we have a lot of different feelings here and that Shive-Hattery and Conlon are getting dug into our fears and she apologized for that. She said it's showing on our agenda, \$13,080,000. That's not quite accurate when we all know that we have these additional expenses that are going to have to be paid. Groh said if he is understanding Kaiser correctly, the more appropriate vote would be to approve the project to go ahead at \$17,400,000. And once you approve that, the contracts can be signed and it's just part of the approval. At that point we can sit back and go through the list of money saving opportunities. Kaiser said it's transparent. Turner said that he didn't see the moving of the fiber in the proposal request list. Gaherty said they're putting things on the list in a way for it to be easy for everyone to digest. Groh stated that the fiber is already included in the electrical. Phillips said the rentals are only budgeted for one year. Toot replied that this was figured into Hammer's estimate. Hammer stated that her estimate is closer to \$17.5 million and that Conlon is showing \$17.4 million. She feels we should approve each contract, but not state a total project cost just

yet. Kaiser said she just wants to be transparent with everyone. Hammer agreed that it needs to be spelled out in the motions and the minutes.

6. New Business

- a. Discussion and possible action to approve bid package 01 – General Construction with Epic Construction in the amount of \$8,765,837.00 – **Kevin Turner made a motion to approve bid package 01 – General Construction, with Epic Construction, in the amount of \$8,765,837.00. Seconded by John Schultz and motion carried following a voice vote resulting in all Ayes.**
- b. Discussion and possible action to approve bid package 21 – Fire Suppression with Continental Fire Sprinkler in the amount of \$312,600.00 – Sheriff Turner asked that since this bid is so high, can we try to rebid this since it won't be needed immediately when the project starts. Gaherty explained that it's a possibility, and that the County needs to consider the fact that they're going into the existing Courthouse and doing a lot of the piping that's currently there, versus just adding onto the sprinkler system to just support the new addition. The code for the existing system needs to be brought up to the same standards as the new addition. There was some additional scope that wasn't accounted for initially. Hammer asked for some clarification. Gaherty said that the code will require them to do the work inside the existing courthouse and when they were doing their original budgeting, they weren't anticipating to do any of that work in in the existing courthouse – they were only anticipating adding onto the existing system and extending that into the new addition. Holt asked Gaherty to confirm that he didn't believe rebidding the contract would make it come in a lot less. Gaherty confirmed. **Scott Toot made a motion to approve bid package 21 – Fire Suppression, with Continental Fire Sprinkler, in the amount of \$312,600.00. Seconded by John Lang and motion carried following a voice vote resulting in 8 Ayes and 1 Nay. Ayes: Trost, Zillig, Phillips, Lang, Hammer, Schultz, Kaiser and Toot. Nays: Turner.**
- c. Discussion and possible action to approve bid package 22 – Plumbing with Commercial Mechanical in the amount of \$560,000.00 – Turner asked the same question that Holt had for the previous contract – whether we would save any additional cost by rebidding. Gaherty recommended that we ask the contractor to use a different manufacturer for the fixtures; so we can create some opportunities to reduce the cost, but award it at the cost it is right now. **Kevin Turner made a motion to approve bid package 22 – Plumbing, with Commercial Mechanical, in the amount of \$560,000.00. Seconded by Scott Toot and motion carried following a voice vote resulting in 7 Ayes and 2 Nays. Ayes: Trost, Zillig, Phillips, Lang, Schultz, Kaiser and Toot. Nays: Turner and Hammer.**
- d. Discussion and possible action to approve bid package 23 – HVAC with Geisler Brothers Co. in the amount of \$1,488,800.00 – **Angela Kaiser made a motion to approve bid package 23 – HVAC, with Geisler Brothers Co., in the amount of \$1,488,800.00. Seconded by Kevin Turner and motion carried following a voice vote resulting in all Ayes.**
- e. Discussion and possible action to approve bid package 26 – Electrical, Safety & Security with Westphal & Company in the amount of \$1,859,540.00 – **Scott Toot made a motion to approve bid package 26 – Electrical, Safety & Security,**

with Westphal & Company, in the amount of \$1,859,540.00. Seconded by Kevin Turner and motion carried following a voice vote resulting in all Ayes.

- f. Discussion and possible action to approve bid package 27 – Communications with Globalcom in the amount of \$93,900.00 – Kevin Turner made a motion to approve bid packet 27 – Communications, with Globalcom, in the amount of \$93,900.00. Seconded by Angela Kaiser and motion carried following a voice vote resulting in all Ayes.
 - g. If Items a), b), c), d), e) and f) are approved, the total contract bid packages are \$13,080,677.00. - As of today, the total contract bid package stands at \$13,080,677.00, with the total project cost as of today, March 14, 2024, projected at \$17,521,664.61.
7. **Citizens Comments** – Hammer thanked everyone for working with them and for answering all the questions she has. She wanted to state she just wants clarification when she is asking questions.
 8. **Committee Concerns** – None.
 9. **Next regular meeting** – Thursday, April 18, 2024 at 4:30 p.m.
 10. **Adjourn** – Toot made a motion to adjourn. Seconded by Hammer. Motion carried with a voice vote resulting in all ayes. Meeting adjourned at 5:51 p.m.