




Tom Barrett
Mayor, City of Milwaukee

To: Steering & Rules Committee Members

From: Mayor Tom Barrett 

Re: **City Hall Restoration Project**

Dear Honorable Committee Members:

The restoration of City Hall has been one of the most challenging decisions that I have had to make as Mayor. The project has immense cultural, economic, and financial implications for the City, and I have had to balance numerous considerations. I received helpful and constructive insights from multiple persons, including Common Council members. For that reason, I have been deliberate regarding whether to accept the low bid the City has received to restore this architectural treasure.

Make no doubt about it, City Hall Restoration must move forward. I have concluded that the best course of action to protect Milwaukeeans' multiple interests is to accept the low bid and proceed with this project. My conclusion is based on the following:

Public Safety and Project Necessity

Several experts have concluded that City Hall's present condition poses substantial risks to the public's safety. Delay and further inquiries will only cause this risk to escalate, and require additional tax dollars to protect the public.

Timely project initiation enables us to avoid continuing deterioration of the building with its accompanying implications for cost. Remedial stabilization efforts would cost at least \$300,000 and would increase if the project were further delayed.

From a cultural standpoint, City Hall represents a unifying source of pride and common identity. Milwaukeeans are justifiably proud of the building's designation as a National Historic Landmark. City Hall has taken on significance beyond the bricks and mortar that hold it together; it is a symbol of our community and unique history.

Risks of Bid Rejection

All of us involved with this decision have invested considerable time and effort to explore whether there are feasible and advantageous alternatives to accepting the low bid. I received a wide range of suggestions, including rejecting bids and reinitiating the bid process in the hope of attracting additional competition; modifying the City Charter to allow for alternative project

that supports the City's interests. Second, my 2006 Proposed Capital Budget will include financing strategies that enable the City to fund important projects while continuing my initiative of limiting new tax levy-supported debt.

Project Lessons

It should be emphasized that the question of how to proceed with City Hall Restoration results from an inadequate budget estimate, not a cost overrun. The unique nature of this project, combined with several circumstances prevailing in the construction industry, contributed to bids being considerably higher than originally estimated. The DPW Commissioner has outlined these factors in detail in an April 2005 *Status Report* pertaining to City Hall Restoration. During the previous administration, substantial cost overruns were experienced in several projects, including the construction of the Police Department's Third District Station & Data Communications Facility.

I believe the City can avoid major cost overruns for City Hall Restoration if it accepts the current low bid. This is due to the existence of factors such as a well-defined scope; extensively documented building conditions that informed project bids; design specifications that limit the potential for unforeseen conditions; and my opportunity to review this project and alternative delivery mechanisms with a number of well-informed experts. In addition, the partnership with a construction cost manager during implementation enables the City to identify potential cost exposure before it becomes a problem, and to ensure that change orders receive thorough scrutiny.

In summary, I want to thank everyone who contributed advice and insights regarding this project. It's now time to roll up our sleeves and proceed with preserving this treasure for generations to come.

cc: Common Council Members
Wally Morics, City Comptroller
Grant Langley, City Attorney
Jeff Mantes, Public Works Commissioner
Mark Nicolini, Budget Director
Marianne Walsh, LRB-Fiscal Review Director