



City of Milwaukee Fiscal Impact Statement

A **Date** 6/24/2013 **File Number** 130163 **Original** **Substitute**

Subject Settlement of the City's claims against J.P. Cullen & Sons, Inc. in the matter of City of Milwaukee v. Simpson, Gumpertiz & Heger, Inc., et al., Case No. 12-CV-004989

B **Submitted By (Name/Title/Dept./Ext.)** Miriam R. Horwitz, Assistant City Attorney, X2601

C **This File**

- Increases or decreases previously authorized expenditures.
- Suspends expenditure authority.
- Increases or decreases city services.
- Authorizes a department to administer a program affecting the city's fiscal liability.
- Increases or decreases revenue.
- Requests an amendment to the salary or positions ordinance.
- Authorizes borrowing and related debt service.
- Authorizes contingent borrowing (authority only).
- Authorizes the expenditure of funds not authorized in adopted City Budget.

D **Charge To**

- Department Account
- Capital Projects Fund
- Debt Service
- Other (Specify)** Contingent borrowing authority to be conferred by separate future resolution
- Contingent Fund
- Special Purpose Accounts
- Grant & Aid Accounts

	Purpose	Specify Type/Use	Expenditure	Revenue	
E	Salaries/Wages		\$0.00	\$0.00	
			\$0.00	\$0.00	
	Supplies/Materials		\$0.00	\$0.00	
			\$0.00	\$0.00	
	Equipment		\$0.00	\$0.00	
			\$0.00	\$0.00	
	Services		\$0.00	\$0.00	
			\$0.00	\$0.00	
	Other	Partial settlement of the Terra Cotta litigation through payment of repair contract below fair market value		\$6,707,000.00	\$0.00
				\$0.00	\$0.00
	TOTALS		\$6,707,000.00	\$ 0.00	

F Assumptions used in arriving at fiscal estimate. _____

G For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

<input checked="" type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	Progress payments for repair contract totalling \$6,707,000

		\$725,000 will be needed for payment to WJE, the City's consulting engineers, for final work on plans and specifications, and to WJE or other outside engineers for construction management and oversight services. NOTE that DPW also requests \$500,000 for unknown contingencies that may occur during construction, to be paid by City if required in the discretion of the Commissioner of Public Works.

<input checked="" type="checkbox"/> 1-3 Years	<input type="checkbox"/> 3-5 Years	
		\$750,000 is projected for future inspections to be paid by the City as needed during the first five years after the repair contract is completed and in the 7 th and 9 th year upon resuming the regular future maintenance inspections otherwise needed for the City Hall façade.

<input type="checkbox"/> 1-3 Years	<input checked="" type="checkbox"/> 3-5 Years	

H List any costs not included in Sections D and E above. _____

I Additional information. _____

If adopted, the resolution authorizes partial settlement of litigation by entering into a repair contract with J. P. Cullen & Sons, Inc. which will require the City to pay 6.707 million dollars to J. P. Cullen & Sons, Inc., a figure far below the fair market value of the work to be performed. Additional costs listed in Section H are ancillary expenses the City currently anticipates. These figure are estimates only, and the full costs will not be known until the repair work is completed. The City is claiming these costs, and potentially other costs, as part of its damages in the ongoing litigation.

J This Note Was requested by committee chair.