

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS
FY 2014-15 AND FY 2015-16**

DEPARTMENT: WAR – WAR MEMORIAL

- New positions including: (a) one position to assist with booking new rental facilities at the Veterans War Memorial building; (b) one engineering position; (c) one electrician position; and, (d) one security position.

DEPARTMENT REVENUES:

FY 2014-15

The Department's revenues of \$13,948,627 for FY 2014-15 are \$2,013,887 or 16.9% more than FY 2013-14 revenues of \$11,934,740.

Increases in revenue are due to increases in concession and rental fees at the Opera House and Davies Symphony Hall.

FY 2015-16

The Department's revenues of \$21,584,794 for FY 2015-16 are \$7,636,167 or 54.7% more than FY 2014-15 revenues of \$13,948,627.

Increases in revenue are due to increases in occupancy fees, rental fees and concessions fees due to the reopening of the Veterans War Memorial building.

Items 23 and 24: FILES 14-0640 AND 14-0641

File 14-0640 is an ordinance, appropriating a \$14,496,012 to the Veteran's Building Seismic Upgrade Improvement Project.

File 14-0641 is a resolution, authorizing issuance of tax-exempt and/or taxable commercial paper notes in an amount not-to-exceed \$14,500,000.

The Veteran's Building Seismic Upgrade Improvement Project is a \$155 million capital project to renovate the Veterans Building historic landmark. The Board of Supervisors previously appropriated Certificates of Participation (COPs) to fund the Project (File 12-0487).

According to Ms. Elizabeth Murray, Managing Director, War Memorial and Performing Arts Center, the Department is requesting an additional \$14,496,012 in project funds because (1) the scope of the project increased due to additional vault requirements specified by PG&E, extensive hazardous materials abatement, and roof replacement in lieu of repair; and (2) certain trade bid packages came in higher than estimated. The requested increase is shown below

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Construction Contracts (trade package bid overage)	\$6,479,027
Construction Contingency	7,956,614
Construction Management Contingency	<u>60,371</u>
	\$14,496,012

According to Ms. Murray, the Department is requesting an increased contingency amount of \$7,956,614 because the Project, which is 38 percent complete, has already drawn down on the existing contingency by \$6,376,134 primarily due to unforeseen conditions, increased hazardous materials abatement including soil remediation and complex design and construction costs of the new PG&E network vault. According to Ms. Murray, the requested \$7,956,614 will result in a total construction contingency of 17 percent, which is standard for seismic renovation of historic properties, which typically have construction contingencies of 18 to 20 percent.

The total additional request of \$14,496,012 will be funded by the sale of Transferable Development Rights (TDRs), previously authorized by the Board of Supervisors (File 13-1193). The Controller's Office of Public Finance will sell commercial paper of up to \$14,500,000, which will be reimbursed by the sale of the TDRs.

Recommendation: Approve the proposed ordinances.

RECOMMENDATIONS:

FY 2014-15

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$412,328 in FY 2014-15 in one time savings. These reductions would still allow an increase of \$1,601,559 or 13.4% in the Department's FY 2014-15 budget.

FY 2015-16

There are no recommended reductions to the proposed FY 2015-16 budget.

**Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget**

WAR - War Memorial	FY 2014-15										FY 2015-16									
	FTE		Amount		Savings		GF		1T		FTE		Amount							
	From	To	From	To	From	To	From	To	From	To	From	To	From	To						
GF - GSA - Facilities Management Services			\$1,778,652	\$1,366,414	\$412,238															
	Operations and Maintenance																			
	Reduce funding for GF - GSA - Facilities Management Services to reflect historical expenditures.																			

FY 2014-15

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$412,238	\$0	\$412,238
Total	\$412,238	\$0	\$412,238

FY 2015-16

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund	\$0	\$0	\$0
Non-General Fund	\$0	\$0	\$0
Total	\$0	\$0	\$0