



**Audit of
Department of Public Works
Procurement Activities**

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City Comptroller
City of Milwaukee, Wisconsin

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Table of Contents

Transmittal Letter.....	1
Audit Scope and Objectives	2
Organizational and Fiscal Impact	3
Audit Conclusions and Recommendations	6
Formal Contracts	6
Recommendation 1: Prepare and Follow Written Procedures.....	9
Recommendation 2: Post RFP Notices on Web-site.....	9
Recommendation 3: Invite Contractors to Annual Meeting.....	9
Recommendation 4: Annual Report to Common Council	10
Procurements Other than Formal Contracts	11
Recommendation 5: Review Large Standard Voucher Expenditures	12
Recommendation 6: Require Adherence to Guidelines.....	13
Recommendation 7: Review Repetitive Purchasing	13
Recommendation 8: Review Small Inventory Purchase Records.....	13
Appendix A: Formal Public Works Contracts Awarded in 2004.....	14
Appendix B: Formal Professional Service Contracts awarded in 2005.....	16
Appendix C: Summary of DPW Formal Public Works Contract Procedures.....	17
Appendix D: Summary of DPW Professional Service Contract Procedures	18
Department Response	19



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April 6, 2006

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To the Honorable
the Common Council
City of Milwaukee

Dear Council Members:


The attached report summarizes the results of our Audit of Department of Public Works (DPW) Procurement Activities. The objectives of the audit were to determine whether DPW procurement practices follow legal requirements and sound procurement practices, evaluate DPW's written and unwritten procurement procedures and determine whether established procedures are followed.

The audit found that DPW has developed effective, but unwritten, procedures for letting formal public works contracts. DPW has prepared comprehensive written procedures for formal professional service contracts, but does not always follow those procedures. DPW guidelines for procurements other than formal contracts appear sufficient to provide for sound purchasing practices. The guidelines are followed with a few exceptions. The audit makes eight recommendations.

Audit findings and recommendations are discussed in the Audit Conclusions and Recommendations section of this report, followed by the Department of Public Works response. DPW agrees with the audit recommendations and is taking steps to implement a number of them.

Appreciation is expressed for the cooperation extended to the auditors by the staff of the Department of Public Works.

Sincerely,



W. MARTIN MORICS
Comptroller

Audit Scope and Objectives

The scope of this audit included procurement activities performed by the Department of Public Works (DPW) on its own without oversight by the Department of Administration (DOA)-Procurement Services Section, under authority granted to the Commissioner of Public Works by Section 7-14 and Section 7-22 of the City Charter. These activities included procurements through formal public works contracts over \$25,000, formal professional service contracts, standard vouchers, service contracts of up to \$25,000 and inventory purchases of \$500 or less. The audit did not include inventory purchases over \$500 or purchases made by means of blanket purchase orders, DPW-specific purchase orders or through the Procard program, all of which are administered by DOA-Procurement Services Section. The audit evaluated 2004 activities for all types of procurements except formal professional service contracts. Since DPW's written guidelines for formal professional service contracts were issued in November 2004, the audit evaluated professional service contracts awarded in 2005.

The objectives of the audit were to:

1. Determine whether DPW procurement practices follow legal requirements and sound procurement practices.
2. Evaluate DPW's established written and unwritten procurement procedures.
3. Determine whether established procurement procedures are followed.

The audit included interviews of DPW personnel responsible for procurement activities and of DOA-Procurement Services Section personnel. The audit also included queries of the City's Financial Management Information System (FMIS) to obtain 2004 DPW expenditures on all types of procurement. In addition, the audit included a review of DPW's written guidelines for all types of procurement as well as reviews of State Statutes, the City Charter, the Code of Ordinances and Common Council authorizations of formal public works and professional service contracts. The audit further included a review of records of contracts awarded as well as examinations of a sample of DPW formal contract files and of documents supporting samples of other DPW procurement activities.

The audit did not evaluate engineering specifications for DPW contracts. The audit also did not examine unsuccessful bids and proposals for contracts. DPW compliance with the City's Emerging Business Enterprise Program and Residents Preference Program has been evaluated in a separate audit.

Organizational and Fiscal Impact

The Department of Public Works expended \$148.7 million in 2004 for the acquisition of goods and services. The following exhibit provides a summary of these expenditures by type of procurement.

Department of Public Works 2004 Expenditure Summary

Division	Dept. ID	Formal		Standard	Purchase Orders		Service Contracts	Inventory	Totals
		Contracts	ProCard	Vouchers	Blanket PO's	DPW-Specific PO's			
Water Department	0641	\$ 11,052,289.23	\$ 436,558.56	\$ 6,108,414.18	\$ 46,401.94	\$ 3,219,858.77	\$ 70,223.59	\$ 1,348,409.25	\$ 24,282,155.50
Administration	0514	3,241,291.34	77,378.81	1,398,767.88	5,871.47	45,827.11	99,599.57	-	4,868,735.99
Parking	0661	6,894,392.64	38,544.60	2,039,249.32	3,374,629.05	527,439.46	17,674.59	-	12,891,929.66
Operations	0545	10,532,133.27	1,174,024.33	6,816,799.77	10,307,376.26	11,470,158.67	1,592,457.96	3,540,129.61	45,433,079.87
Sewer	6831-32	21,606,601.25	150,424.08	772,903.91	22,099.26	1,397,568.36	347,317.30	-	24,296,914.14
Infrastructure	5231	22,112,385.37	598,397.25	8,116,995.62	-	2,356,705.17	133,394.43	3,573,948.33	36,891,826.17
Totals		\$ 75,439,099.10	\$ 2,475,327.41	\$ 27,253,130.68	\$ 13,756,371.98	\$ 19,017,557.54	\$ 2,260,667.44	\$ 8,462,487.17	\$ 148,664,635.32

Division	Dept. ID	Formal		Standard	Purchase Orders		Service Contracts	Inventory	Totals
		Contracts	ProCard	Vouchers	Blanket PO's	DPW-Specific PO's			
Water Department	0641	63	630	2,644	1	1,769	2	222	5,331
Administration	0514	1	62	648	4	106	6	-	827
Parking	0661	9	111	653	7	55	1	-	836
Operations	0545	77	1,574	5,962	32	2,795	140	1,684	12,264
Sewer	6831-32	75	155	349	2	403	2	-	966
Infrastructure	5231	119	964	1,482	-	1,484	6	1,092	5,147
Totals		344	3,496	11,738	46	6,612	157	2,996	25,391

The City Charter provides the Commissioner of Public Works with the authority to enter into contracts for public works and services. The Commissioner has chosen to make use of this authority for some types of procurements and to use the services of DOA-Procurement Services Section for other types of procurements. DPW procurement is accomplished through the following methods.

Procurement under DPW authority:

- Formal contracts over \$25,000. DPW expended \$75.4 million on 344 formal contracts in 2004. The City Charter requires all work and purchases of materials, supplies, equipment and services costing more than \$25,000 to be purchased through formal contracts subject to a bidding process. Accordingly, DPW has established a bid process for formal public works contracts and a request for proposal (RFP) process for formal professional service contracts.

Formal public works contracts are used for construction projects. These contracts are awarded to the lowest responsible bidder. Appendix A provides a listing of formal public works contracts awarded in 2004.

Formal professional service contracts are used for services such as engineering, design, consultant's studies and other services requiring expertise in specialized subjects. These contracts are awarded through evaluations of RFP's by selection teams. Appendix B provides a listing of formal professional service contracts awarded in 2005.

- Standard vouchers. DPW expended \$27.3 million on 11,738 standard vouchers in 2004. Standard vouchers are used for payments that are not charged against formal contracts or purchase orders. Standard vouchers are used to pay for a variety of items including utility charges, repairs, maintenance and supplies.
- Service contracts of up to \$25,000. DPW expended \$2.3 million on 157 service contracts in 2004. Service contracts are purchase orders issued by DPW for services such as repairs, cleaning, testing and system design.
- Inventory purchases under \$500. These are purchases of small amounts of items for DPW divisions' inventories of repair and maintenance supplies. DPW expended \$67,000 on such purchases in 2004.

Procurements administered by DOA-Procurement Services Section:

- City-wide blanket purchase orders. These are purchase orders executed by DOA-Procurement Services Section for materials and supplies used by all City departments. Departments purchase items by means of direct purchase orders linked to blanket purchase orders. DPW expended \$13.8 million through 46 blanket purchase orders in 2004.
- DPW-specific purchase orders are contracts executed by DOA-Procurement Services Section with vendors to provide goods or services to DPW. DPW expended \$19 million through 6,612 such purchase orders in 2004.
- Inventory purchases over \$500. These are purchases of items for DPW's inventories of repair and maintenance supplies through contracts executed by DOA-Procurement Services. DPW expended \$8.4 million in total on all inventory purchases in 2004, including purchases over \$500 and for \$500 and less.

- Procard purchases. These are small dollar purchases by authorized employees using a card similar to a credit card. The maximum single transaction limit for Procard is \$5,000, although most employees' limits are significantly smaller. The Procard program is administered by DOA-Procurement Services Section. DPW expended \$2.5 million on Procard purchases in 2004.

Formal public works and professional service contracts are overseen by DPW-Contract Administration Section. Other types of procurements are initiated by DPW divisions under the oversight of DPW-Administrative Services Division. DPW has developed practices and procedures to govern its procurement process.

Audit Conclusions and Recommendations

Section 7-14 and Section 7-22 of the City Charter provide the Commissioner of Public Works with the authority to enter into contracts for public works and services. DPW procurement activities include purchases through formal public works contracts, formal professional service contracts, standard vouchers, service contracts of up to \$25,000 and inventory purchases of up to \$500. Other types of procurements are done through DOA-Procurement Services Section.

Formal Contracts

Section 7-22-2 of the City Charter requires all work and purchases of materials, supplies, equipment and services costing more than \$25,000 to be purchased through formal contracts subject to a bidding process. Contracts are to be let to the lowest responsible bidder. Accordingly, DPW-Contract Administration Section has established a bid process for formal public works (construction) contracts and a request for proposal (RFP) process for formal professional service contracts.

The audit disclosed that DPW has developed effective, but unwritten, procedures for letting formal public works contracts that are followed by DPW personnel. DPW has prepared comprehensive written procedures for letting formal professional service contracts. However, these procedures are not always followed. Actions could be taken to promote greater competition for formal contracts. Additional information could assist the Common Council in its oversight of contracting activity.

Formal Public Works Contracts:

As shown in Appendix A, in 2004, DPW awarded 142 formal public works contracts totaling \$71.3 million. The audit examined a sample of 6 public works contracts totaling \$6.2 million.

DPW has developed procedures to implement City Charter bidding requirements for formal public works contracts and to ensure that sound procurement practices are followed. Appendix C provides a summary of these procedures. The audit found that the procedures are comprehensive and effective. The procedures are understood and followed by DPW personnel who participate in the contracting process. However, the detailed procedures are

not formalized in a written document. Formal written procedures would help to ensure that sound procurement practices continue to be followed.

DPW-Contract Administration Section maintains a file for each formal public works contract. Each file includes sufficient documentation to ensure that a fair bidding process occurs. In each case in the audit sample, the low bidder was chosen.

The audit noted that Common Council authorizations for formal public works contracts are included in some contract files but not in others. Unsuccessful bids are retained for a short period and then discarded. In some cases, bids are rejected as non-responsive to bid requirements. If such a bid is the low bid on the project, it is kept on file.

Appendix A is a standard DPW spreadsheet listing all formal public works contracts awarded in 2004. The spreadsheet includes engineering estimates of the cost of each contract as well as the contract award amounts. For 2004, engineering estimates exceeded bid awards by \$10.7 million.

The audit noted that DPW public works contracts average only 3 to 4 bidders each. In most instances, the same contractors bid on the same type of contracts. DPW personnel stated that other contractors often have not established business relationships to help them meet City requirements for such things as the Emerging Business Enterprise and Residents Preference Programs. DPW holds an annual contractors' meeting to review planned projects and City requirements. The contractors' meeting is open to all state and area contractors. However, generally only contractors that regularly do business with the City attend.

Formal Professional Service Contracts:

As shown in Appendix B, DPW awarded 18 formal professional service contracts totaling \$3.1 million in 2005. The audit examined a sample of 4 professional service contracts totaling \$1.6 million.

DPW has prepared written Professional Service Contracting Procedures with the assistance of DOA-Procurement Services Section. Appendix D provides a summary of these procedures. An attachment to the procedures provides additional rules for the consultant selection process. A team of at least three members is to evaluate consultant proposals. The rules include a requirement that weights be assigned to each selection criterion. Evaluation forms are to be prepared and signed by each member of the selection team.

The Professional Services Contracting Procedures were effective in November 2004. The audit determined that the procedures are comprehensive, well written and provide for proper controls over the procurement process. However, procedural and documentation requirements were not always followed. DPW personnel stated that full implementation of the written procedures will occur over time. Reasons for the implementation delay include the varied nature of professional service contract projects and the time needed to train employees in all divisions to follow the procedures. Some 2005 professional service contracts may have been initiated prior to November 2004.

The examination of the audit sample of professional service contract files disclosed the following noncompliance with the written procedures:

- Professional Service Contract Request forms were not on file in the DPW-Contract Administration Section for three of the four professional service contracts reviewed.
- None of the four contract files contained written Division Director and DPW Commissioner preliminary authorization for the projects. DPW personnel stated that such approvals are usually verbal. All contracts were ultimately signed by the Commissioner or his designee.
- Contract files for three of the four contracts examined did not contain documentation of Common Council authorization of the projects. The audit subsequently obtained this documentation for all contracts in the sample.
- Consultant selection rules require that the criteria on which proposals will be evaluated and the weight to be given each criterion be included in the RFP. Three of the four RFP's in the audit sample included evaluation criteria, but none included weights. In two cases the evaluation committee assigned weights to the criteria.
- Evaluation forms prepared by members of the evaluation committee were not included in two of the four sample contract files.

RFP's are sent to a pre-selected list of vendors for each professional service contract. In most cases the contracting division selects vendors that are likely to be able to fulfill the requirements of the RFP. In a minority of instances, RFP's are posted on the DPW web-site.

Recommendation 1: Prepare and Follow Written Procedures

To ensure that all personnel involved in the formal public works contract process are aware of the practices to be followed, DPW should develop and disseminate written procedures for procuring formal public works contracts.

DPW should require personnel to follow all requirements of the Professional Service Contracting Procedures. Checklists should be developed for formal public works and professional service contract files to ensure that the files contain all necessary documents. At a minimum, this documentation should include:

- Professional Service Contract Requests.
- Documentation of Division Director and DPW Commissioner approvals of contract requests.
- Common Council authorization of formal public works and professional service projects.
- Copies of unsuccessful bids for formal public works contracts. This documentation may be needed in the event that an unsuccessful bidder was to challenge a contract award. To reduce the volume of documentation, this could be accomplished by including a summary of each bid signed by a representative of the contractor.
- Copies of evaluation forms prepared by all members of RFP evaluation committees.

DPW should provide copies of its purchasing procedures and any subsequent changes for all types of procurements to DOA-Procurement Services Section for review and comment. This would help to ensure that all DPW purchasing procedures are consistent with sound procurement practices.

Recommendation 2: Post RFP Notices on Web-site:

To promote competition for formal professional service contracts and to ensure that potential proposers are aware of RFP's, notices of all RFP's should be posted on the DPW web-site.

Recommendation 3: Invite Contractors to Annual Meeting

DPW should invite area contractors who do not regularly bid on City contracts to its annual contractors' meeting. Contractors attending the meeting would obtain a better understanding of City requirements and may become more willing to submit bids. This could increase competition for City contracts.

Recommendation 4: Annual Report to Common Council

To provide the Common Council with meaningful information for its oversight of contracting activity, DPW should prepare an annual contracting report for the Common Council. This report should include descriptive information on specific contracts by category such as sewer, water, paving, building repair and renovation and other projects. The report should include the following for each formal public works and professional service contract closed in the past year:

- The date and dollar amount of the contract estimate.
- The date and dollar amount of the bid or proposal.
- The date the contract was closed out and the final cost.

DPW should also report any efficiencies it has achieved in contracting as well as any problems it has encountered that may require Common Council consideration.

Procurements Other than Formal Contracts

Procurements other than formal public works contracts and formal professional service contracts include purchases by means of standard vouchers, service contracts of up to \$25,000 and inventory purchases of up to \$500. These procurements are governed by written guidelines contained in DPW's "Purchasing at a Glance" document. The guidelines appear sufficient to provide for sound purchasing practices. The audit disclosed that the guidelines were followed with a few exceptions as described below.

Standard Vouchers:

Standard vouchers are used for payments that are not charged against formal contracts or purchase orders. As shown in Appendix A, in 2004 DPW expended \$27.3 million by means of standard vouchers. The audit examined a sample of 86 standard vouchers. The audit disclosed that procurement guidelines were adhered to with the following exceptions:

- In two instances, payments pertaining to formal contracts were not charged against the contracts, but were incorrectly charged as standard vouchers.
- DPW purchasing guidelines indicate that procurements over \$25,000 should be done through a formal contract. In one instance, a payment of \$35,000 for computer system maintenance was made without a contract. DPW personnel stated work by this vendor had begun several years ago. The nature and extent of services have increased in recent years. DPW is currently working with DOA to establish a sole source contract for this vendor.
- DPW purchasing guidelines allow telephone bids for expenditures for services under \$10,000, with the low bid to be confirmed in writing. Expenditures over \$5,000 require three telephone bids. The audit disclosed several instances in which the number of bids obtained was unclear or the required written documentation was not obtained. In one case, only one bid was obtained for drywall services costing \$6,800.
- DPW procedures require an accounting stamp providing the dollar amount, the accounting distribution and supervisory approval to be applied to invoices paid through standard vouchers. The audit disclosed several instances in which this stamp was not used or was not legible.

DOA-Procurement Services Section personnel stated that the National Institute of Governmental Purchasers has estimated that use of purchasing cards can reduce transaction costs for small purchases from 55% to 90%. DPW currently performs an annual review of Procard use and adjusts cardholders expenditure limits accordingly. Expanding this review to

identify opportunities to use Procard instead of standard vouchers could reduce procurement costs.

Service Contracts up to \$25,000:

In 2004, DPW expended \$2.3 million on 157 service contracts of less than \$25,000. The audit sample of 14 service contracts disclosed that DPW purchasing guidelines were followed with the following exceptions.

- DPW's Purchase Order/Requisition Request Form requires the signatures of both the requestor and approver of a service contract. The audit found that one of the sample service contracts had no approver's signature and that the requestor and approver were the same person for three contracts.
- The guidelines state that performance bonds are required for service contracts for \$10,000 or more. Only one of the seven service contracts over \$10,000 in the audit sample included a performance bond requirement.
- The guidelines require at least one bid from an EBE vendor for service contracts over \$5,000. The audit sample included 12 service contracts between \$5,000 and \$25,000. The audit found no documentation of EBE bids for those 12 contracts.
- If a sole source vendor is used, the Purchase Order/Requisition Form requires an explanation of the reason. The review of the audit sample disclosed that reasons for sole source vendors were not always provided.

Inventory Purchases of up to \$500:

DPW purchasing procedures for inventory purchases under \$500 require that one or more quotes be obtained from vendors. In most instances quotes are obtained by telephone. Stores clerks keep informal records of small purchases until the items are received to ensure that prices billed are in agreement with invoiced amounts. The informal records are then discarded.

The audit reviewed eight inventory purchases made by DPW for amounts of \$500 or less. Established procedures were followed without exception.

Recommendation 5: Review Large Standard Voucher Expenditures

DPW personnel should periodically review standard voucher expenditures of over \$25,000 to ensure that procurements are done through formal contracts when required.

Recommendation 6: Require Adherence to Purchasing Guidelines

For consistency in purchasing, DPW should require all divisions to follow the same procurement procedures. This would include enforcing requirements for obtaining bids and written documentation of bids, enforcing requirements for accounting stamps and supervisory approvals and enforcing uniform requirements for procurements of service contracts of up to \$25,000.

Recommendation 7: Review Repetitive Purchasing

DPW should continue to review purchasing records to identify repetitive purchases from the same vendors and to initiate blanket purchase orders through DOA-Procurement Services Section where appropriate. DPW should also expand its review of Procard use to identify opportunities to use Procard instead of standard vouchers.

Recommendation 8: Review Small Inventory Purchase Records

DPW should require that logs of phone quotes or copies of written quotes for inventory purchases of up to \$500 be retained. Supervisory personnel should periodically review these logs.

Department of Public Works Formal Public Works Contracts Awarded in 2004

Appendix A

REF	DIV	TYPE	PROJECT	DBE	RES	APPR	BIDS	BID AMOUNT	Engineering Estimate	Difference	LTD Expenditures	CONTRACTOR	AWARD DATE	CONTR. NO.
151	INF	Combined sewer relays	S. 15th Place	15	25	4		\$ 1,971,074.85	\$ 3,761,000.00	\$ 1,789,925.15	\$ 1,985,410.80	M.J. Construction	01/07/05	C523050003
44	INF	Combined sewer lining	N. 30th Street (alt. B)	5	25	3		1,843,375.00	3,020,000.00	1,176,625.00	1,840,634.56	Super Excavators	04/07/04	C523040042
155	INF	Steel purchase	W. Canal Street	5	0	2		2,150,067.00	3,307,205.00	1,157,118.00	-	PDM Bridge, LLC	01/28/05	C523050007
54	B&F	Generator, control sys	Municipal Building	12	25	3		1,421,855.00	2,400,000.00	978,345.00	1,421,253.29	Pieper Electric	05/18/04	C545040071
156	B&F	Roof repairs	Howard Water Plant	15	25	1		1,059,000.00	1,800,000.00	741,000.00	1,067,380.08	Edgerton Contractors	02/07/05	C841050009
142	WTR	Switchgear replacement	Linwood Plant	15	25	2		736,000.00	1,326,000.00	590,000.00	640,800.00	Pieper Electric	01/29/04	C841040160
24	INF	Grading	Park East Corridor	18	25	8		337,333.52	925,187.00	587,853.48	451,229.75	C.W. Purpuro, Inc.	02/12/04	C523040012
70	INF	Removals & Utilities	W. Canal Street	18	n/a	2	3	423,056.00	959,736.53	536,680.53	431,975.35	Edgerton Contractors	05/17/04	C523040067
45	INF	Sewer relays	N. 33rd Street	16	25	5		584,400.00	1,054,875.00	470,475.00	586,111.56	American Sewer Services	03/31/04	C523040032
114	INF	Combined sewer relay	Vacated W. Galena	16	25	3		323,048.00	696,000.00	372,952.00	374,952.00	Visu-Sewer Clean & Seal	08/26/04	C523040112
74	INF	Combined sewer relay	N. 30th Street	15	25	2		1,467,080.00	1,797,000.00	329,920.00	-	Super Excavators	06/11/04	C523040078
30	INF	Sanitary sewer relay	W. Vliet Street	23	25	5		857,995.35	1,177,000.00	319,004.65	-	M.J. Construction	02/27/04	C523040018
29	INF	Storm sewer lining	S. 35th Street	2	25	3		205,691.90	461,000.00	255,339.00	-	Michels Pipeline	02/27/04	C523040016
23	INF	Sewer relays	N. 23rd Street	21	25	6		398,102.60	949,000.00	550,897.40	-	M.J. Construction	01/29/04	C523040068
42	B&F	Chiller replacement	Police Admin. Bldg.	18	25	2		265,725.00	495,000.00	229,275.00	-	Doral Corporation	03/29/04	C545040031
22	INF	Sewer repair & lining	N. 8th Lane	24	25	4		280,558.60	485,000.00	204,441.40	-	M.J. Construction	01/29/04	C523040004
45	INF	Sewer relays	E. Concordia Avenue	18	25	5		335,425.00	539,000.00	203,575.00	-	American Sewer Services	03/31/04	C523040033
137	INF	Combined sewer relays	N. Humboldt Street	24	25	4		361,739.20	535,000.00	173,260.80	-	M.J. Construction	11/05/04	C523040139
31	I & W	Sewer & water relays	N. Broadway	10	25	4		584,329.00	757,000.00	172,671.00	-	United Sewer & Water	03/02/04	C523040020
102	INF	Cymb. & San Sewer	W. Clarke Street	21	25	5		912,735.00	1,079,000.00	166,265.00	-	M.J. Construction, Inc.	07/29/04	C523040104
66	B&F	Replace HVAC Equip.	Police Admin. Bldg.	18	25	3		545,000.00	700,000.00	155,000.00	-	Butters Fetting Co.	05/05/04	C545040095
35	INF	Sidewalk replacement	N.S. 68th Street	20	25	5		875,011.74	822,554.40	17,542.68	-	Snorek Construction	04/07/04	C523040040
37	INF	Sidewalk replacement	W. Lincoln Avenue	20	25	3		626,085.99	769,093.55	143,007.56	-	Snorek Construction	04/13/04	C523040044
51	Admin	Concrete repairs	2nd St. parking struct	12	25	6		210,160.40	341,358.00	131,197.60	-	Western Waterproofing	05/18/04	C514040069
38	B&F	Roof replacement	Northwest Garage	18	25	2		253,000.00	380,000.00	127,000.00	-	Sullivan Roofing	03/23/04	C545040024
146	WTR	Water main relays	W. Ruskin Court	20	25	2		378,808.50	502,000.00	123,191.50	-	American Sewer Services	01/05/05	C641050002
150	INF	Combined sewer relay	E. Wisc. At N. Milw.	10	25	4		186,950.00	322,000.00	135,050.00	-	American Sewer Services	12/20/04	C523040148
102	INF	Storm sewer work	N. 44th Street	16	25	4		189,059.00	310,000.00	120,941.00	-	M.J. Construction, Inc.	07/29/04	C523040105
140	WTR	Relays	W. Custer Street	24	25	4		420,347.50	540,000.00	119,653.00	-	United Sewer & Water	11/16/04	C641040141
89	INF	Sewer dye testing	N. 2th Street	15	25	2		237,486.50	355,000.00	117,513.50	-	Visu-Sewer Clean & Seal	07/02/04	C523040091
120	INF	Sewer Relay	E. Wisconsin Avenue	10	25	3		234,525.00	350,000.00	115,475.00	-	Super Excavators	08/21/04	C523040116
44	INF	Combined sewer relay	S. 25th Street	15	25	6		538,419.65	651,000.00	112,580.35	-	M.J. Construction	04/07/04	C523040041
143	WTR	Contacto roof repairs	Linwood Plant	12	25	4		262,868.00	374,000.00	111,332.00	-	Winding Roofing Co.	12/15/04	C841040149
66	INF	Sanitary sewer relay	W. Vliet Street	18	25	3		281,750.60	388,000.00	106,249.40	-	M.J. Construction	04/30/04	C523040051
74	INF	Sanitary sewer relay	N. 38th Street	25	25	4		298,959.75	404,000.00	105,040.25	-	M.J. Construction	06/11/04	C523040076
147	WTR	Water main relays	W. Medford Avenue	25	25	3		449,232.50	552,000.00	102,767.50	-	M.J. Construction	01/07/05	C523050004
76	INF	Combined sewer lining	E. Estes Street	6	25	3		81,239.00	181,000.00	99,761.00	-	Visu-Sewer Clean & Seal	06/30/04	C523040087
30	INF	Combined sewer relay	S. Chase Avenue	28	25	5		312,157.50	411,000.00	88,842.50	-	M.J. Construction	02/27/04	C523040019
101	INF	Campus lighting	Marquette University	17	0	5		254,000.00	350,000.00	96,000.00	-	Staff Electric	08/31/04	C523040113
34	WTR	Water main joint rehab	W. Burlington Street	1	0	4		82,888.00	176,000.00	93,112.00	-	Miller Pipeline Corp.	03/23/04	C641040025
128	WTR	Tree removal	Various reservoirs	18	25	2		78,454.00	170,000.00	91,546.00	-	Gibraltar Construction LLC	11/22/04	C641040142
73	B&F	Replace heat exchang	Municipal Building	18	25	1	2	412,450.00	500,000.00	87,550.00	-	Doral Corporation	05/21/04	C545040073
117	B&F	Roof replacement	KK Meter Repair Shop	18	25	4		125,000.00	210,000.00	85,000.00	-	Roberts Roofing	09/24/04	C641040121
68	INF	Manhole rehabilitation	W. Silver Spring Drive	27	25	3		621,553.00	706,000.00	84,447.00	-	M.J. Construction	05/11/04	C523040063
119	WTR	Water relays	N. 73rd Street	26	25	4		448,895.35	530,000.00	81,104.65	-	Underground Pipeline	10/12/04	C641040126
100	INF	Riverwalk Connector	Clybourn Street north	18	25	2		549,000.00	630,000.00	81,000.00	-	D.G. Beyer Inc.	09/13/04	C523040115
90	WTR	Valve replacement	Linwood Plant	8	25	2		348,270.00	427,000.00	78,730.00	-	Pieper Electric	08/05/04	C641040110
80	INF	Paving	North Broadway	18	25	6		770,300.46	847,451.20	77,150.74	-	Milwaukee General Const.	09/07/04	C523040114
14	INF	Asphalt Resurfacing	W. Arthur Avenue	18	25	5		444,699.61	519,028.95	74,329.34	-	LaLonde Contractors	05/10/04	C523040090
22	INF	Sewer relays	S. 3rd Street	30	25	5		178,935.00	253,000.00	74,065.00	-	M.J. Construction	01/26/04	C523040036
130	WTR	Relays	W. Michigan Street	30	25	4		340,957.10	408,000.00	67,042.90	-	M.J. Construction	10/25/04	C641040135
3	INF	Asphalt Resurfacing	S. 13th Street	20	25	4		159,865.34	217,851.00	57,985.66	-	Payne & Doan, Inc.	02/10/04	C523040099
118	INF	Inlet & drain repairs	N. 7th Street	10	25	5		306,894.70	363,397.00	56,502.30	-	M.J. Construction, Inc.	10/61/04	C523040124
78	INF	Paving	S. 13th Street	20	25	4		103,242.26	150,161.00	46,918.74	-	Payne & Doan, Inc.	07/08/04	C523040095
49	WTR	Water main relays	N. 13th Street	26	25	3		689,225.65	735,000.00	45,774.35	-	M.J. Construction	04/30/04	C841040132
125	WTR	Water relays	S. 55th Street	28	25	4		264,945.50	310,000.00	45,054.50	-	American Sewer Services	10/15/04	C841040131
66	INF	Sanitary sewer relay	N. Riverboat Road	5	25	2		56,596.00	98,000.00	41,404.00	-	American Sewer Services	04/30/04	C523040052
50	B&F	Manifold replacement	City Hall, 1st floor	10	25	2		94,300.00	133,000.00	38,700.00	-	Mared Mechanical	04/14/04	C545040045
18	INF	Concrete Pavement	N. 3rd Street	18	25	5		254,811.18	293,404.80	38,593.62	-	LaLonde Contractors	04/15/04	C523040043
6	INF	Asphalt Resurfacing	N. 84th N. of Silver Sp	18	25	6		288,653.70	325,965.40	37,341.70	-	Snorek Construction	03/25/04	C523040028
129	B&F	Asbestos removal, etc	Police Admin. Bldg.	18	25	4		117,000.00	150,000.00	33,000.00	-	J.F.E. & S.	10/20/04	C545040134
74	INF	Sewer Examinations	Various locations	19	25	2		168,179.00	200,000.00	31,821.00	-	Visu-Sewer Clean & Seal	06/02/04	C532040075
15	INF	Asphalt Resurfacing	S. 7th Street	18	25	5		262,427.73	292,173.15	29,745.42	-	William Beaudoin & Sons	05/10/04	C523040081
39	INF	Paving	S. 39th Street	18	25	5		175,062.63	204,017.55	28,954.92	-	Milwaukee General Const.	07/02/04	C523040092
145	INF	Sewer Examinations	City-wide	5	25	2		156,854.00	183,000.00	26,346.00	-	Visu-Sewer Clean & Seal	12/07/04	C523040145
32	WTR	Relays	W. Fairmount Avenue	28	25	4		176,499.00	202,000.00	25,501.00	-	United Sewer & Water	10/25/04	C841040133
2	INF	Sealcoating	Citywide	0	0	2		171,837.64	195,784.40	23,946.76	-	Struck & Irwin Paving, Inc.	02/03/04	C523040098
25	INF	Alley Reconstruction	W. Becher Street	18	25	6		169,419.89	189,395.95	19,976.06	-	Milwaukee General Const.	05/05/04	C523040058
68	INF	Pump/lift station rehab	N. 124th Street	15	25	3		79,209.00	98,600.00	19,400.00	-	Advance Mechanical	05/11/04	C523040062
84	INF	Paving	N. 17th Street	18	25	6		457,576.71	476,653.17	19,076.46	-	J & A Pohl, Inc.	06/05/04	C523040109
82	INF	Paving	W. Vienna Avenue	18	25	4		145,522.25	164,598.45	19,076.20	-	Wm. Beaudoin & Sons	06/14/04	C523040090
153	B&F	Tank relocation	South self help station	18	25	1		144,070.00	180,000.00	35,930.00	-	Petroleum Equipment	10/14/04	C545040127
58	INF	Paving	N. James Lovell St.	18	25	5		149,709.61	165,609.05	15,899.44	-	J & A Pohl, Inc.	05/22/04	C523040064
65	B&F	Pipe chase manifold	City Hall basement	10	25	3		29,625.00	45,000.00	15,375.00	-	T.M. Braden Mechanical	04/30/04	C523040046
11	INF	Concrete Pavement	N. 85th Street	18	25	7		169,066.30	184,270.55	15,204.25	-	LaLonde Contractors	04/05/04	C523040038
16	INF	Alley Reconstruction	W. Bolivar Avenue	18	25	5		96,420.05	110,337.30	14,917.25	-	Arrow-Crete Construction	05/08/04	C523040057
110	INF	Paving	N. 40th Street	20	25	5		136,864.20	153,471.10	16,606.90	-	Wm. Beaudoin & Sons	09/28/04	C523040118
35	B&F	Mechanical revisions	4th floor, City Hall	18	25	2	1	187,800.00	200,000.00	12,200.00	-	Mared Mechanical	03/18/04	C545040023
87	INF	Landscaping	Enders Park	18	25	3		30,844.00	43,000.00	12,156.00	-	Gibraltar Construction	07/01/04	C545040090
9	INF	Alley Reconstruction	W. Chambers Street	16	25	5		175,382.45	187,130.95	11,748.50	-	Milwaukee General Const.	03/24/04	C523040026
32	WTR	Water main relays	N. 38th Street	25	25	2		533,865.00	545,000.00	11,135.00	-	M.J. Construction	03/05/04	C641040021
26	INF	Alley Reconstruction	E. Auer Avenue	18	25	3		8						

**Department of Public Works
Formal Public Works Contracts Awarded in 2004**

Appendix A

REF.	DIV.	TYPE	PROJECT	DBE	RES.	APPR.	BIDS	BID AMOUNT	Engineering Estimate	Difference	LTD Expenditures	CONTRACTOR	AWARD DATE	CONTR. NO.
63	INF	Alley Reconstruction	W. Carmen Avenue	18	25	4		192,629.72	192,688.10	58.38	-	LaLonde Contractors, Inc.	08/21/04	C523040093
141	B&F	Exterior restoration	City Hall	18	25	2					-	J.P. Cullen & Sons		
92	B&F	Playground rebuilding	N. 60th & W. Bender	18	25	2		12,690.00	12,500.00	(180.00)	-	Gibraltar Construction	07/09/04	C545040097
7	INF	Asphalt Resurfacing	N. 84th S. of Silver Sp.	18	25	5		175,876.85	175,428.00	(448.85)	-	Payne & Dolan, Inc.	03/25/04	C523040029
149	INF	Waterproofing	Milw / Mich parking	5	25	5		109,450.00	107,148.00	(2,302.00)	-	Western Waterproofing Co	01/08/05	C514050001
75	INF	Conduit boring	Under I - 43 at Juneau	0	0	5		206,302.00	204,000.00	(2,302.00)	-	Wanasek Corp.	07/13/04	C523040085
12	INF	Concrete Pavement	W. Hope Avenue	18	25	7		155,674.06	153,283.55	(2,390.51)	-	LaLonde Contractors	04/05/04	C523040039
5	INF	Asphalt Resurfacing	S. 10th Street	18	25	6		125,052.04	121,105.85	(3,946.19)	-	Milwaukee General	05/06/04	C523040058
57	INF	Paving	S. 23rd Street	18	25	5		98,862.76	94,325.00	(4,537.76)	-	Payne & Dolan, Inc.	07/19/04	C523040100
134	B&F	Demo HVAC equip.	9th floor, City Hall	18	25	1		45,965.00	40,000.00	(5,965.00)	-	Mered Mechanical	10/14/04	C545040126
131	B&F	Ventilation upgrades	Northwest Garage	18	25	2		66,100.00	60,000.00	(6,100.00)	-	Butters-Fetting Co.	10/19/04	C545040129
111	INF	St. closure & st. paving	N. 28th Street	18	25	5		106,613.34	97,811.50	(8,801.84)	-	Arrow-Crete Construction	09/24/04	C523040122
43	WTR	Water main alterations	S. 27th Street	15	25	2		64,820.00	55,000.00	(9,820.00)	-	American Sewer	04/05/04	C641040037
85	B&F	Fencing	Enders Park	18	25	1		31,500.00	21,600.00	(9,900.00)	-	Northway Fence, Inc.	06/30/04	C545040086
83	B&F	Skylight & windows	Central repair garage	18	25	2		51,558.00	41,000.00	(10,558.00)	-	James Cape & Sons	07/08/04	C545040093
145	INF	Install generator	N. Lincoln Memorial D	6	25	1		161,567.00	150,000.00	(11,567.00)	-	Habermehl Electric	12/07/04	C523040144
94	INF	Alley Reconstruction	W. Colfax Place	18	25	3		131,022.31	118,224.65	(12,797.66)	-	Milwaukee General Const.	09/24/04	C523040120
53	B&F	Dryer cell addition	Central repair garage	18	25	3		250,409.00	235,000.00	(15,409.00)	-	Dahman Const.	04/16/04	C545040096
136	B&F	Window replacement	Safety Academy	18	25	1		497,745.00	480,000.00	(17,745.00)	-	J.F. Cook Co.	10/15/04	C545040132
108	INF	Asphalt Resurfacing	S. 3rd Street	18	25	4		154,546.54	136,527.75	(18,018.79)	-	Milwaukee General Const.	10/01/04	C523040125
139	B&F	Overhead door replace.	Central repair garage	18	25	1		93,790.00	75,000.00	(18,790.00)	-	J.F. Cook Co.	11/02/04	C545040136
93	INF	Paving	S. Muskego Avenue	18	25	5		133,126.45	110,800.00	(22,326.45)	-	Snorek Construction	09/20/04	C523040117
95	INF	Alley Reconstruction	W. Elmore Avenue	18	25	4		181,545.75	157,635.70	(23,910.05)	-	LaLonde Contractors, Inc.	10/01/04	C523040123
86	B&F	Playground rebuilding	Enders Park	18	25	2		154,480.00	129,000.00	(25,480.00)	-	Wm. Beaudoin & Sons	07/01/04	C545040086
135	WTR	Rebuild pump & motor	Texas Ave. Pump Sta.	15	25	3		316,000.00	286,000.00	(30,000.00)	-	Advance Mechanical	11/30/04	C641040143
152	B&F	Roof repairs	Muni Service Building	0	25	6		58,680.00	38,000.00	(20,680.00)	-	Pioneer Roofing	01/28/05	C545060005
107	B&F	Fieldhouse renovation	Enders Park	18	25	2		220,423.00	186,000.00	(34,423.00)	-	Wm. Sackerson Const.	08/18/04	C545040111
29	INF	Sewer relays	N. 18th Street	18	25	4		223,893.50	188,000.00	(35,893.50)	-	American Sewer Services	02/27/04	C523040017
28	WTR	Relays	E. Stryer Avenue	25	25	3		170,174.00	123,500.00	(46,674.00)	-	United Sewer & Water	02/19/04	C641040014
17	INF	Asphalt Resurfacing	W. Michigan Street	18	25	4		448,876.17	397,502.55	(51,373.62)	-	Payne & Dolan, Inc.	03/28/04	C523040030
99	WTR	Relays	N. 95th Street	25	25	1					-	American Sewer Services		Reject bid
124	INF	Median sprinkler alt.	N. Water Street	0	25	1					-	American Sewer Services		Reject bids
98	INF	Storm sewer relay	N. Franey Street	7	25	3		371,918.00	312,000.00	(59,918.00)	-	James Cape & Sons	07/15/04	C523040096
82	WTR	Wtr & Swr relays	N. 19th Street	24	25	1		601,365.00	535,000.00	(66,365.00)	-	American Sewer Services	06/25/04	C641040086
72	WTR	Water & combined swr	S. St. Clair Street	23	25	2					-	American Sewer Services		Rejected bids
91	B&F	Roofing Fire Stations	Three locations	18	25	5		263,870.00	195,000.00	(68,870.00)	-	Cudahy Roofing	08/06/04	C545040108
48	B&F	Canopy system	Recycling Center	18	25	1		124,910.00	54,000.00	(70,910.00)	-	Petroleum Equipment	05/19/04	C545040070
115	INF	Median sprinkler alt.	N. Water Street	0	25	2					-	American Sewer Services		Reject bids
146	INF	Pump rehabilitation	Various locations	14	25	2		328,802.00	234,332.00	(94,470.00)	-	United Sewer & Water	12/21/04	C523040149
71	WTR	Relays	S. 13th Street	30	25	2		494,531.75	400,000.00	(94,531.75)	-	American Sewer Services	05/28/04	C641040074
77	WTR	Water main relays	W. Verona Court	20	25	2		691,558.50	590,000.00	(101,558.50)	-	American Sewer Services	06/11/04	C641040077
96	WTR	Water main relays	W. Juneau Avenue	26	25	1		266,848.00	127,000.00	(139,848.00)	-	American Sewer Services	07/15/04	C641040098
33	INF	Marsupial bridge	Hoiton St. Viaduct	5	0	3		2,608,252.95	2,457,495.79	(150,757.16)	-	Lunda Construction	03/17/04	C523040022
67	INF	Sewer relays & linings	E. Bennett Avenue	15	25	4		2,738,120.75	2,578,000.00	(160,120.75)	-	James Cape & Sons	05/18/04	C523040064
121	INF	Streetscaping	E. Wisconsin Avenue	12	0	3		1,464,510.02	1,279,285.55	(185,224.47)	-	Wm. Beaudoin & Sons	10/15/04	C523040130
109	INF	Combined sewer repair	W. Juneau Avenue	20	25	3					-	Rawson Contractors, Inc.		Reject bids
75	INF	Sanitary sewer relay	W. Trenton Place	18	25	2		1,012,780.00	465,000.00	(547,780.00)	-	Super Excavators, Inc.	07/30/04	C523040107
123	INF	Street construction	W. Canal Street	18	0	2		14,473,291.70	13,680,983.27	(792,308.43)	-	Super Excavators, Inc.	10/22/04	C523040136
76	INF	Combined sewer relays	W. Bow Street	18	25	3		5,745,092.00	4,609,440.00	(1,135,652.00)	-	American Sewer Services	07/28/04	C523040103
Totals								\$ 71,322,466.03	\$ 82,019,267.97	\$ 10,696,781.94	\$ 6,742,660.80			

**Department of Public Works
Formal Professional Service Contracts Awarded in 2005**

Appendix B

PROJ	DIV.	TYPE	PROJECT	DBE	RES.	APPR.	BID DATE	BIDS	SCH #	AMOUNT	CONTRACTOR	AWARD DATE	CONTRACT #
1	B&F	Owner's representative	Tower relocation	0	0		10/05/04	5		\$314,456.00	M.A. Mortenson Co.	02/15/05	C545050501
2	INF	Construction staking	Citywide	18	0		01/28/05	3		137,925.00	Toki & Associates	04/27/05	C523050504
3	INF	Material testing	Citywide	18	0		03/10/05	3		110,000.00	Giles Engineering	04/28/05	C523050507
4	INF	Construction staking	Citywide	18	0		01/28/05	3		194,500.00	Making the Grade	04/27/05	C523050503
5	INF	Transload cement	Canal Street vicinity	0	0		n/a	1		40,000.00	Bulk Logistics Inc.	02/11/05	C523050506
6	INF	Develop bike map	City and County	0	0		12/10/04	4		49,900.00	Bicycle Federation	03/17/05	C523050508
7	INF	Design services	Kilbourn Ave. bridge	18	0		09/03/04	7		1,073,917.00	Bloom Consultants	04/21/05	C523050509
8	B&F	Mechanical design service	Safety Academy	100	0		06/17/05	5		94,800.00	PSJ Engineering	08/03/05	C545050515
9	B&F	Mechanical design service	Central Repair Garage	20	0		06/15/05	3		284,025.00	Affiliated Engineers	08/08/05	C545050517
10	B&F	Audit services	City Hall Restoration	18	0		07/15/05						
17	Admin	Wireless communication	City cell phone system	18	0		07/25/05	7			U.S. Cellular		
11	B&F	Facilities study	Citywide	18	0		08/01/05						
12	WTR	Power reliability study RFQ	City water facilities	0	0		09/06/05						
13	B&F	Prep. Contract documents	Police Admin. Bldg.	38	0		07/25/05	5		42,500.00	Zimmerman Design	08/08/05	C545050516
14	Admin	Billing mangement system	City telecommunications	0	0		05/20/05	1		59,204.00	Telesoft Corp.	06/03/05	C513050513
15	INF	Public outreach	I & I reduction projects	100	0		03/21/05	3		78,325.00	Creative Marketing	07/27/05	C523050510
16	B&F	Office space lease	City Attorney relocation	0	0		10/05/05			reject all proposals			
18	WTR	Design & related services	Kilbourn Reservoir	18	0		01/03/06	1		59,204.00	Telesoft Corp	06/03/05	C514050513
19	B&F	Engineer & arch services	Operations facility study	18	0		07/12/05	3		190,318.00	Earth Tech	09/30/05	C545050518
20	B&F	EBE & RPP monitoring	City Hall Restoration	100	0		sole source			150,000.00	Prism Technical		C545050522
21	INF	Intersection study	Silver Spring & Teutonia	30	0		05/20/05	8		67,108.03	CH2MHill	12/06/05	C523050519
22	OP	Clean fill disposal study	Hartung Quarry	15	0		sole source			49,500.00	Earth Tech	11/28/05	C545050524
23	Admin	Internet service	DPW	0	0		05/02/05	4		72,000.00	TDS Metrocom	10/31/05	C514050521
Total										\$3,067,682.03			

Summary of DPW Formal Public Works Contract Procedures

1. Plans for various projects are prepared and included in the Capital Program budget.
2. The Common Council provides authorization of projects.
3. DPW determines whether a project is assessable or not.
4. The Common Council provides final approval for the project and budgetary authority is obtained.
5. Construction requirements are specified and forwarded to DPW-Administration.
6. DPW-Administration adds EBE, Residents Preference and Livable Wage requirements to the specifications.
7. Notifications of contract offerings are published in the Daily Reporter.
8. Bids are received and opened (a two week to two month long process after notice is published in the Daily Reporter).
9. Bids are sent to the appropriate DPW Division for their review and evaluation.
10. Results of bids are announced (posted on web-site and published in the Daily Reporter). Publication indicates who bid and what the bid prices were.
11. DPW determines the low responsible bidder:
 - a. Bid amount,
 - b. Responsiveness to requirements,
 - c. Qualifications.
12. DPW prepares a Schedule of Bids Received. This schedule is signed by staff and the DPW Commissioner to certify that the contract was awarded to the lowest responsible bidder, to verify that funds are available and account numbers have been established. DPW tracks bid award amounts in comparison to estimated amounts.
13. Firm awarded the contract must submit a performance bond and proof of insurance.
14. Bid awards may be protested.
15. Contractor is mailed four copies of the contract for signature and returns them to the City for the signatures of the Comptroller, City Attorney and DPW Commissioner.

Summary of DPW Professional Service Contract Procedures

1. Preparation of a Professional Services Contract Request Form.
2. Approval or denial by DPW Divisional Director regarding the appropriateness and use of a Request for Proposal (RFP) based on information provided in the Contract Request Form.
3. Upon receiving preliminary approval by the Divisional Director the Project Manager needs to identify or secure appropriate authorization allowing DPW to make a contract award. Such approval may be a line item in the City's budget, an approved Common Council authorization concerning entering into a professional service contract or written authorization by the Commissioner in the event of an emergency.
4. Preparation of RFP documents once contracting authorization is received. Documentation should include:
 - RFP,
 - Cost estimate for consulting services,
 - EBE analysis,
 - Method to solicit consultant,
 - List of qualified consultants,
 - Selection process, evaluation criteria and schedule for selection of the winning proposal,
 - Arrangements for a pre-proposal conference if desirable.
5. Approval of RFP documents by Divisional Director.
6. Consultant selection and award including negotiation of a final contract price, Divisional Director approval, notification to unsuccessful consultants that submitted proposals and preparation of the standard DPW professional service contract.
7. Preparation of a Summary Report for use by the Contract Office in maintaining a database of both formal public works contracts and professional service contracts.
8. Maintenance of records by the Contract Office. The Contract Office should maintain various records relating to the contracting process including Common Council resolutions, Contract Requests, Division Director and Commissioner approvals, RFP's and lists of consultants solicited, evaluation forms etc.



Department of Public Works

March 29, 2006

Jeffrey J. Mantes
Commissioner of Public Works

James P. Purko
Director of Operations

Mr. W. Martin Morics, City Comptroller
Comptroller's Office
City Hall, Room 404

Dear Mr. Morics:

Thank you for the opportunity to review the draft audit of the Department of Public Works' procurement activities. The audit presents a fair analysis of the Department's contracting procedures and performance. We welcome the suggestions for improvement and have already taken steps to implement a number of them. I would like to highlight three initiatives we are actively pursuing.

First, per your "Recommendation 1: Prepare and Follow Written Procedures" for awarding formal contracts, we have now developed such written procedures (see Attachment No. 1). This document has been distributed to all DPW personnel involved in formal contracting. As your report notes, there are no apparent problems at present with consistent adherence to formal contracting procedures. However, having those procedures codified in writing should help ensure that no future problems arise.

Second, in accord with your "Recommendation 6: Require Adherence to Purchasing Guidelines", we have prepared a preliminary draft of written procedures for processing Service Order contracts (see Attachment No. 2). Once finalized, these procedures will be applied throughout the Department in order to standardize how we issue Service Orders. We also intend to use these new procedures to emphasize the importance of providing opportunities to EBE vendors. In addition, the procedures will serve as a tool for the collection and reporting of EBE data for our smaller contracts.

Third, as your report indicates, while we now have written procedures in place governing professional service contracts, those procedures were not always strictly followed immediately after the procedures were established. In part this is because the procedures were new, and it takes awhile to get everyone accustomed to them. To ensure that the procedures are followed in the future, we are instituting a system whereby the Commissioner will not sign a professional service contract until certain backup documentation has been provided to the Contracts' Office. Attachment No. 3 describes this new system in greater detail.

I think there is one point in the audit that may need clarification. The second sentence under the first bullet point on page 3 states "DPW expended \$75.4 million on 344 formal contracts in 2004." I assume what this means is that during 2004 there were 344 open contracts each of which received one or more payments. It should be noted that these open contracts were not all awarded in 2004. More than half of them would have been awarded in previous years. The multi-year nature of many of our formal contracts makes reporting contracting activity on an annual basis somewhat difficult and certainly renders some year to year comparisons relatively meaningless. As a result, we support your recommendation 4 wherein you propose an annual report consisting largely of information about contracts closed during the reporting year regardless of year they were awarded.

Mr. W. Martin Morics
March 29, 2006
Page 2

Thank you for the opportunity to comment on the draft audit. If you have questions or wish to discuss any of the above, feel free to contact Jim Purko at extension 3302 or Tom Miller at extension 3304.

Very truly yours,


Jeffrey J. Mantes
Commissioner of Public Works

JJM:THM:mra
Attachments

To: Division Heads

From: Jeff Mantes, Commissioner *JM*

Subject: Formal Contracting Procedures

Date: March 29, 2006

As you all know, the Comptroller's Office has recently completed an audit of DPW's contracting activities. The audit found no major problems with the department's formal contracting procedures. However, it noted that those procedures, while well known within the department and almost universally followed, were not written down anywhere. Because we manage so many formal contracts each year and because the people involved in the contracting process have a good understanding of the system, we are quite successful in following all the required steps. To ensure we continue our good record, the Comptroller's audit recommends that our formal contracting procedures be written down and distributed to DPW personnel.

Please review the attached FORMAL BID CONTRACTING PROCEDURES and provide copies to the appropriate members of your staff. Nothing in the written procedures is intended to alter the way we currently process formal contracts. If you have any questions about the written procedures, feel free to contact Tom Miller.

FORMAL BID CONTRACTING PROCEDURES

The contracting process for formal bids is outlined below. This process is to be followed for all projects where the expected contract value will exceed \$25,000. The enumerated steps describe that process from Initial Project Planning to the issuance of a Notice to Proceed. There are three agencies responsible for carrying out these steps: The DPW division that is managing the project (D); The Emerging Business Enterprise Office (E); and the DPW Contracts Office (C). The agency or agencies primarily responsible for completing each of the steps are noted.

1. **Project identification.** A need for the project is identified through the capital budget planning process or by some other means.
Responsibility: D
2. **Common Council authorization.** Council authorization may be provided in the annual City budget or by separate action. However, for most public improvement projects, authorization follows a two step process. The Council first approves preparation of plans, cost estimates, and assessment calculations. Once that information is complete, the Council approves construction.
Responsibility: D
3. **Assignment of Official Notice Number.** The DPW division managing a particular project takes out an Official Notice number. That number is assigned by the Contracts Office. Once assigned, the O.N. number becomes the primary identifier for a project until a formal contract number is assigned.
Responsibility: D & C
4. **Cost estimate analysis (a).** The cost estimate is broken down into project components so that subcontracting opportunities can be identified.
Responsibility: D
5. **Cost estimate analysis (b).** The project and its detailed cost estimate are evaluated to determine Emerging Business Enterprise (EBE), Residents Preference Program (RPP), and apprenticeship requirements.
Responsibility: C & E
6. **Bid documents.** Bid documents are assembled. Included are the project plans, detailed specifications, General Specifications, and special provisions.
Responsibility: D
7. **Schedule bid opening.** A date and time for the project bid opening are scheduled. Except in unusual circumstances, the bid opening date is always two weeks after the Official Bid Notice first appears in the Daily Reporter (see #8 below). The location for the bid opening is also established at this time.
Responsibility: C

8. **Prepare Official Bid Notice.** The Official Bid Notice is prepared and the date it will first appear in the Daily Reporter is selected.
Responsibility: D & C
9. **Publish Official Bid Notice.** The Official Notice is sent to the Daily Reporter and placed on the DPW web page. Notices are published in the paper for six (6) consecutive days.
Responsibility: C
10. **Bid document distribution.** Bid documents are distributed to potential bidders and plan holder information is entered on the DPW web page. In most cases, a set of plans and specifications costs \$10. An additional \$10 is charged if the plans are mailed to the requesting party.
Responsibility: D & C
11. **Open bids.** Bid openings may be attended by the public including interested bidders. Bid amounts are read out loud. It is also announced that bids still must be reviewed in detail to determine whether they are responsive to all bidding requirements. Bidders must hold their bid prices good for 45 days after which they expire unless extended with the bidder's concurrence.
Responsibility: C
12. **Evaluate bids.** The submitted bid documents are evaluated to ensure they meet all requirements including the appropriate bid bond, signatures where required, and bid amounts that are internally consistent.
Responsibility: C
13. **Publish bid results.** The official bid results are published in the Daily Reporter. The results are also posted on the DPW web page.
Responsibility: C
14. **Receive Form "A".** Receive Form "A" (EBE participation plan) from the low responsive bidder if it was not submitted along with the bid. The low bidder has three (3) business days after the bid opening to provide this form.
Responsibility: C
15. **Evaluate Form "A".** The form is analyzed to confirm that the subcontractors listed are certified EBE's, that the work they will be performing is work they are certified to do, and that the amount they will be paid meets the EBE requirement for the project.
Responsibility: C & E
16. **Publish Intent to Award.** Publish DPW's Intent to Award a Contract in the Daily Reporter. Any bidder has five (5) working days to protest the Intent to

Award. Protests may only be based upon compliance with EBE program requirements.

Responsibility: C

17. **Prepare & circulate Schedule of Bids.** The Bid Schedule lists the project unit prices and compares the various bids by line item. Signatures on this document are required from the Division Director, the Contracts Officer, and the Commissioner of Public Works. Once signed by the Commissioner, the Schedule of Bids becomes the formal authorization to award a contract. It verifies that funds are available, lists appropriate account numbers, and confirms that the contract will be awarded to the contractor with the lowest responsible bid.
Responsibility: C & D
18. **Conduct new bidder conference.** New bidder conferences are only required when the low bidder has not had a recent DPW contract and has not attended DPW's annual contractors' meeting. The purpose of the new bidder conference is to go over all the reporting requirements the contractor will need to comply with during the course of the contract. New bidder conferences often double as preconstruction meetings.
Responsibility: C & D
19. **Award contract.** The contract is assembled and 4 copies are provided to the winning bidder. The contractor has 10 days to sign the contracts and return them to the Contracts Office. Proper insurance forms and the required payment and performance bonds must be submitted with the signed contracts.
Responsibility: C
20. **Check contract documents.** After the signed contracts are returned, confirm that bonds, insurance, and all other required paperwork is in order.
Responsibility: C
21. **Commissioner's signature.** Obtain the signature of the Commissioner of DPW on the contract.
Responsibility: C
22. **Encumber funds.** DPW funds are encumbered for the project.
Responsibility: D
23. **Comptroller's signature.** Forward contract to the City Comptroller for signature.
Responsibility: C
24. **Notice to Proceed.** Upon return of the contract from the Comptroller, the managing division issues a Notice to Proceed. In addition, the Contract Office mails the contractor a formal "Start" letter.
Responsibility: C & D

To: All Division Heads

From: Jeff Mantes, Commissioner *JM*

Subject: Procedures for Service Orders

The following draft procedures for processing Service Orders were prepared by members of your staff who routinely are involved with purchasing activities.

Please review the proposed procedures and provide any comments to me by Friday, April 7. Thanks.

PROCEDURES FOR SERVICE ORDERS

DRAFT

NOTE: This document is intended to cover purchasing of services under \$25,000. You must still follow the appropriate procedures for purchasing services over \$25,000 (bid / RFP) or commodities. Please see the most recent "Purchasing at a Glance" document or contact DPW Administration staff for additional information.

Services are "non-tangible items such as, labor and/or intellectual knowledge supplied to complete a maintenance, repair or planning task, rent, licenses, and/or permissions to use software, equipment or products. It can also include tangible items if the tangible items are installed or consumed by the vendor performing the service."

Service Orders Under \$5000

- Divisions need to obtain one or more telephone bids, with low bid in writing. Where possible, one of the bids should be an EBE bidder.
- Divisions should keep as much documentation as possible, especially for those services above \$2,000. Information to provide include: names of companies contacted, bid amounts and if appropriate, why the low bidder was not selected. This information may be handwritten or in whatever format the division deems appropriate.
- This information may be submitted with the invoices for payment. The information will then be sent to the Comptroller's Office and scanned into E-Vault along with the invoice.
- There is no requirement to encumber the funds; however, divisions may want to consider encumbering funds for recurring items such as copier / fax leases or maintenance agreements.

Service Orders Between \$5000 and \$24,999

- Divisions should obtain three telephone bids, with the low bid in writing. Service orders over \$10,000 should have three written bids. Efforts should be made to have at least one EBE.
- Service orders over \$5000 must be encumbered using the DPW-Purchase Order/Requisition Request Form prior to work beginning. An electronic copy of the form is available from DPW Admin Staff.
- Funds should be encumbered using a consistent number system beginning with "S". {Example: S514(first 3 number of org) 06 (budget year) 0001 (order) = S514060001}
- To ensure consistency, please contact Dave Rochester in DPW Admin to receive a service order number. Water Works should designate a single person to issue service order numbers.
- For divisions/sections that wish to encumber service order funds on their own, DPW Admin will send out instructions on how to do this in PeopleSoft. Otherwise, DPW Admin staff will create the service order in PeopleSoft (except Water Works).
- It may not always be possible to encumber funding prior to work beginning due to emergency circumstances; however, the funding should be encumbered prior to processing the invoice.
- Service Order paperwork should be retained for a period of seven years, consistent with city record retention policy.
- A copy of the completed and signed service order cover sheet should be sent to DPW Admin (Attn: Dave Rochester) for tracking and auditing purposes.
- DPW Admin staff will periodically audit service order documentation for completeness.

All Service Orders

- Service Orders, where the low bid is not the determining factor in awarding the contract, must have documentation detailing how the vendor was chosen.

DPW - PURCHASE ORDER / REQUISITION FORM

(Revised 3/20/2006)

D R A F T

DATE:	REQUEST TYPE: <input type="checkbox"/> CREATE PEOPLESFT DIRECT PO
REQUESTOR:	(CHECK ONE) (CONTRACT REFERENCE) VENDOR CONTRACT # _____
APPROVER:	<input type="checkbox"/> CREATE PEOPLESFT REQUISITION <input type="checkbox"/> CREATE DPW-SERVICE ORDER (S-CONTRACT) <input type="checkbox"/> OTHER

VENDOR INFORMATION

NAME:		CONTACT PERSON:	
ADDRESS:			PHONE #:
CITY:	STATE:	ZIP CODE:	FAX #:

BILL TO:	SHIP TO:

HOW MANY VENDORS WERE SOLICITED FOR THIS CONTRACT? _____	NO. OF PROPOSALS RECEIVED _____
LIST VENDORS SOLICITED:	
IS THERE AN INSURANCE CERTIFICATE ON FILE FOR THIS VENDOR? <input type="checkbox"/> YES <input type="checkbox"/> NO	
IF USING SOLE-SOURCE VENDOR, PLEASE STATE REASON: (requests for sole source should be approved by appropriate division head).	

IS THIS VENDOR AN EBE? <input type="checkbox"/> YES <input type="checkbox"/> NO	IS THE VENDOR USING EBE SUBCONTRACTORS?
WERE ANY EBE VENDORS SOLICITED FOR THIS CONTACT? <input type="checkbox"/> YES	<input type="checkbox"/> YES. IF YES STATE THE VENDOR NAME AND THE VALUE OF THE EBE PORTION
<input type="checkbox"/> NO. IF NO, STATE WHY NOT BELOW.	VENDOR: _____ AMOUNT: _____ \$0.00 <input type="checkbox"/> NO

IS THERE IN PROGRESS *SLAVERY* AFFIDAVIT ON FILE FOR THIS VENDOR? YES NO

LINE #	COMMODITY CODE	DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT COST	EXTENDED COST
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
TOTAL COST						\$ -


ACCOUNTING DATA

LINE #	ACCOUNT	FUND	ORG	PROGRAM	SUB CLASS	BUDGET YEAR	PROJECT/GRANT

COMMENTS: (Attach additional pages as necessary)

PEOPLESFT DOCUMENT CREATED:	<input type="checkbox"/> CREATED PEOPLESFT DIRECT PO # _____
(CHECK ONE)	<input type="checkbox"/> REFERENCING VENDOR CONTRACT # _____
<input type="checkbox"/> EDITED & BUDGET CHECKED	<input type="checkbox"/> CREATED PEOPLESFT REQUISITION # _____
INITIAL: _____	<input type="checkbox"/> CREATED DPW SERVICE ORDER # _____
	<input type="checkbox"/> OTHER

Memo to: All Division Heads

From: Jeff Mantes, Commissioner 

Subject: Professional Service Contracts

Date: March 29, 2006

As you know, the Comptroller's Office has now completed its draft audit of DPW's contracting procedures. While no major concerns were identified, the Comptroller did find a number of areas where we can improve. One of those areas is how we keep track of our professional service contracts.

The Comptroller acknowledged that we have adequate written professional service contracting procedures now in place. However, it does not appear that everyone is following those written procedures. Part of the problem no doubt stems from their newness. We only put them in writing in late 2004. Thus the 2005 professional service contracts the Comptroller reviewed were undertaken when the written procedures had just been inaugurated.

The main problem seems to be that not all the appropriate records for professional service contracts are getting into a centralized file in the Contracts Office. **To remedy this situation I am asking that all future professional service contracts submitted to me for my signature be accompanied by the contract documents listed on the following page.**

The Comptroller has also recommended that our professional service contracts be advertised on our DPW web page. Therefore, please ensure that your staff prepares an appropriate notice whenever you initiate a professional service contract likely to exceed \$25,000 in value. The notice should be provided to the Contracts Office which will place it on the web page.

Please inform the appropriate staff in your division of this new policy. Thank you for your assistance and cooperation.

PROFESSIONAL SERVICE CONTRACTS

The following items shall be included whenever a professional service contract is submitted to the Commissioner for signature. The Commissioner will not sign a contract until and unless this information is provided.

1. The Request for Proposals or, if an RFP was not used, a statement indicating how proposals were solicited.
2. A copy of the selected consultant's proposal.
2. The Common Council resolution or budget line item authorizing the contract.
3. Copies of signed evaluation sheets or other documentation indicating how the consultant was chosen.
4. The completed Professional Service Contract Request form. (see first form attached hereto)

Upon final execution of the contract, the DPW staff person managing the consultant contract shall complete the Professional Service Contract Information form (see second form attached hereto) and submit it to the Contracts Office.

ATTACHMENT #1

CITY OF MILWAUKEE – DPW – CONTRACT ADMINISTRATION

PROFESSIONAL SERVICE CONTRACT REQUEST

Name & Title _____

DPW Division _____ **Date** _____

Telephone _____ **E-Mail** _____

Brief description of project and professional service sought

Estimated cost of professional services \$ _____

Reasons for Proposed Professional Service Contract. Please check all of the following that apply. Explain reasons in the space provided below.

- Service required is professional, artistic, scientific, or creative
- Impossible or impractical to develop precise bidding specifications
- Project is experimental in nature

Reasons _____

Sole Source Professional Service Contract. Any sole source professional service contract must be approved in writing by the Commissioner when less than \$25,000 in value and must be approved by the Common Council via resolution when greater than \$25,000. Explain reasons for proposed sole source professional service contract below.

Reasons _____

Signature of Person Filling Out Form _____

Division Director's Approval _____

Date _____

ATTACHMENT #4

PROFESSIONAL SERVICE CONTRACT INFORMATION

1. Service to be provided:
2. Date bids/proposals were due:
3. Number of proposals received:
4. Name of firm selected:
5. Value of contract:
6. EBE % of total contract value:
7. Names of EBE subcontractors:
8. Contract number:
9. Date contract let:
10. Division letting contract:
11. Contact person: