

CONTRACT CHANGE ORDER ANALYSIS AND STAFF RECOMMENDATION

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| Contracting Agency: | Housing Authority of the City of Milwaukee |
| Contractors (Purchase Orders): | AJ Development Group LLC (SS124149) Insulation Technologies Inc. (SS124150) Lakeside Remodeling LLC (SS124151) Integral Construction & Development LLC (SS124152) |
| Change Order Amount: | \$200,000.00 not-to-exceed to each of four (4) awardees \$800,000.00 not-to-exceed total award |
| Type of Work, Services, or Material: | General Contractors for Various Repairs |
| Housing Development and Number: | Scattered Sites; all Public Housing AMPs possible |
| Account Number: | cf2024 (CFP 2024), 164-148000 |

PROCUREMENT REVIEW

PROCURING SECTION: Modernization & Development Services

Housing Authority of the City of Milwaukee initially solicited competitive pricing for General Contractors for Various Repairs at Scattered Sites and awarded the work to four (4) Contractors with the lowest responsive and responsible bids. The Modernization & Development Services Section, in conjunction with Housing Management staff, recommended award to AJ Development Group LLC, Insulation Technologies Inc., Lakeside Remodeling LLC, and Integral Construction and Development LLC, each in the amount of \$175,000.000 not-to-exceed for services on an as-needed basis, for a total award of \$700,000.00 not-to-exceed. HACM reserved the right to reallocate contract authority dollars from one awardee to another as needed, but the total award amount remained the same (unless a change order was authorized).

Modernization & Development Services requests additional contract authority in the amount of \$800,000.00 not-to-exceed for the change order work described herein. Modernization & Development Services recommends executing the change order as described above. The change order work also extends purchase orders for (1) additional one-year period. The new purchase order amount of \$800,000.00 not-to-exceed exceeds the \$250,000.00 threshold, and, therefore, requires approval by the Housing Authority's Board of Directors.

Proposed pricing from the offerors varies greatly. Most offerors included at least some hourly rates that seem rather high. Evaluators recommended that each awardee be allowed to start with an initial round of properties to work on. Staff will monitor how things proceed in terms of both price and performance for each awardee. If staff determines that it is not in HACM's best interests to continue with an awardee because of high price and/or poor performance, then HACM can simply suspend work with that awardee. HACM can also attempt to negotiate lower rates with an awardee that has performed satisfactorily but at a higher price than HACM would like to or is able to pay.

Modernization & Development Services, in conjunction with Housing Management staff, recommends Change Orders to AJ Development Group LLC, Insulation Technologies Inc., Lakeside Remodeling LLC, and Integral Construction and Development LLC, each in the amount of \$200,000.000 not-to-exceed for services on an as-needed basis, for a total award of \$800,000.00 not-to-exceed. HACM reserves the right to reallocate contract authority dollars from one awardee to another as needed, but the total award amount will remain the same (unless a change order is authorized).

Vice President of Construction _____

Date _____

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\$800,000.00 not-to-exceed total award
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EMERGING BUSINESS ENTERPRISES

Target Contracting 20 % MBE and/or WBE
Proposed Contracting 100 % MBE and/or WBE

AJ Development Group LLC (100% MBE), Insulation Technologies Inc. (100% MBE), and Integral Construction and Development LLC (100% SBE) are certified MBE/SBE firms with the State of Wisconsin. Lakeside Remodeling LLC is not a certified EBE firm with the State of Wisconsin or any other EBE certifying agency. The aforementioned general contractors have not identified a possible need to subcontract or to hire at this time. If any of the general contractors should need to hire or to subcontract in the future, then they will contact Purchasing/Contracts Services prior to seeking any subcontractors or candidates on its own. Purchasing/Contracts Services recommends proceeding with award.

Contract Compliance Officer _____ Date _____

SECTION 3

This award falls under the new Section 3 rule. Our consultant, Motivation Inc., will be working with AJ Development Group LLC, Insulation Technologies Inc., Lakeside Remodeling LLC, and Integral Construction and Development LLC on Section 3 compliance under the new rule. Purchasing/Contracts Services recommends proceeding with award.

Contract Compliance Officer _____ Date _____

FINANCE AND ACCOUNTING

Finance and Accounting concurs with the recommendation of the Procuring Section to execute the change orders to the purchase orders as described to AJ Development Group LLC, Insulation Technologies Inc., Lakeside Remodeling LLC, and Integral Construction and Development LLC. Charge the account number(s) as indicated above.

Grants/Budget _____ Date _____

RECOMMENDATION

RECOMMEND EXECUTION OF CHANGE ORDERS, AS DESCRIBED ABOVE, TO AJ DEVELOPMENT GROUP LLC, INSULATION TECHNOLOGIES INC., LAKESIDE REMODELING LLC, AND INTEGRAL CONSTRUCTION AND DEVELOPMENT LLC.

APPROVAL RECOMMENDED

Chief Financial Officer _____ Date _____

APPROVED

Acting Secretary–Executive Director _____ Date _____