

Department of City Development

Request for Qualifications #57609
Renovation and Management of Scattered
Site Residential Property

Addendum #1
September 17, 2015

THIS ADDENDUM IS ISSUED TO MODIFY, CLARIFY OR CORRECT THE ORIGINAL DOCUMENTS AND IS HEREBY MADE A PART OF SAID DOCUMENTS.

1. The due date for the submittals has changed. Please note that Proposals are now due October 2, 2015 by 11:00 a.m.

2. The following is hereby added to the Request for Qualifications:

Per City ordinances, the City will require 40% participation by workers qualified for the Residents Preference Program for all construction work performed by sub-contractors. This means that at least 40% of work hours performed by subs must be performed by workers qualified for RPP.

3. Attached you will find the following documents that together make up Addendum #1 for Official Notice #57609

- Questions Received and answers given since the release of the RFQ
- Questions and Answers and the Sign-in sheet from information meeting at 1:30 pm Monday, September 14, 2015

ALL PROPONENTS SHALL ACKNOWLEDGE RECEIPT AND ACCEPTANCE OF ADDENDUM NUMBER 1 (DATED September 17, 2015) FOR REQUEST FOR QUALIFICATIONS #57609, BY SIGNING IN THE SPACE PROVIDED AND SUBMITTING THE SIGNED ADDENDUM WITH YOUR SUBMITTAL. SUBMITTALS SUBMITTED WITHOUT THIS ADDENDUM MAY BE CONSIDERED NON-RESPONSIVE.

SIGNED THIS _____ DAY OF _____, 2015.

SIGNATURE

COMPANY NAME

Questions Received and Answers Given Since the Release of the RFQ

Q1. As you know LBWN completed a scattered site LIHTC development that included the renovation of 24 bank and City owned properties in partnership with Impact - Seven. We have discussed another partnership to respond to this RFP but wanted to know if we could concentrate in and around LBWN's target area like we did with our scattered site LIHTC development. It would be more appealing to our Board of Directors and to Impact Seven who's providing the property management if we were working in the same near south side area of the City again. Please let me know if that is an option.

A1. Properties to be renovated will be selected jointly by DCD and the selected contractor, based on properties available at the time of award, projected renovation costs, and other factors. There is no guarantee as to the location of the selected properties.

Q2. We would look to take on another 20-24 properties. As the City wants to retain ownership it looks like applying for a LIHTC development with these properties would not be an option. Is that correct?

A2. The City of Milwaukee will retain ownership of the properties, and will provide financing for the renovation of the properties. LIHTC financing is not required.

Q3. So the main goal of the City is to find an entity to renovate and manage the property. Are all rent proceeds going to to the City, property manager or both?

A3. The property management company will be required to pay expenses associated with operating the properties, including its own management fee, and return the balance of rent revenues to the City.

Q4. Who should the response be addressed to?

A.4 Proposals should be mailed or delivered to:
Bid Desk
Department of City Development
809 N. Broadway, 2nd floor
Milwaukee, WI 53202-3617

Proposal to be clearly marked: Official Notice #57609 – Renovation and Management of Scattered Site Residential Property

*** Please note: For proposals submitted by courier delivery service (e.g. UPS®, FedEx®, etc.), the building at the address above does not open until 8:00 a.m. Instructions to delivery drivers should be explicit in regard to that time as well as the above noted address of the bid desk. Without such instructions, a package may not be delivered on-time to the correct location within the City complex.

Q 5. Property Characteristics - there is \$1,000,000 allocated what happens if there is an unknown issue that comes up during rehab that adds several thousand to the cost and it would cause the costs to exceed the budget? Will there be consideration given to providing extra funds for unknowns?

A5. While \$1 million has been allocated to this project, DCD will hold back a portion of the funds to handle unexpected contingencies. The selected developer is responsible for writing reliable scopes of work for the renovation of each selected project and providing accurate cost estimates.

Q6. . Are all 20 units required to be completed in a 4 months' time period all at once or is it that for each unit once the scope has been developed must then be completed within 4 months?

A6. We seek a contractor with the capacity to ready all units for occupancy within 4 months of property selection.

Q7. Is there a definition for "moderate rehabilitation standard"?

A7. Properties renovated to a "moderate rehabilitation standard" will be code compliant upon completion. When possible, items should be repaired rather than replaced, although major elements nearing the end of their useful lives (such as a roof) should be replaced. The exact work to be done to achieve this standard will vary by the condition of the property.

Q8. Contract - Property Renovation - under requirements for the use of "resident employees", what does that mean?

A8. "Resident Employees" refer to the City's Resident Preference Program.

Q9. RFQ Submission Criteria - 1. f - if the property management agent is the general contractor and if they provide information on the sub-contractors they will use for the rehab work is item f necessary? And, if f is necessary does g mean that all subs that the property management has used must provide 2 references for each of those subs even if they are not going to use them on this job? (Hope that makes sense)

A9. Item 1-f asks for a list of subcontractors customarily used by the application for renovation work. Please provide this list whether or not you expect to use the same group of subcontractors for the work described in the Request for Qualifications. Item 1-g asks for the applicant (not the sub-contractors) to provide references from clients for which the applicant has done renovation work. If the applicant does not do renovation work for outside clients, please state this.

Q10. Property Management - there will be soft costs up front, such as, advertising, background checks (which require staff time), calls handling inquiries on the properties, showings, software costs, etc. Will funds be allocated to the selected company to cover those costs prior to lease up of units? Also, there will probably be security costs, maintenance costs to resecure units, maintain lawns and snow removal etc. Will there be funds allocated for that or is that all part of the \$1,000,000 budget?

A10. No additional funds will be provided for these purposes. They should be included in the applicant's property management fee.

Q11. Other than rents on the properties will there be funds available to cover other costs, such as someone leases a unit, then moves out and the unit needs more work on them to get it rented?

A11. No.

Q12. Will the costs in operating the 20 units need to be separated out for each unit or can the reports just show total operating costs each month? Rents are show by address but not necessarily expenses. (It can be broken down but then that is an additional amount of staff time that must be allocated to that work.) Thank you.

A12. Monthly reports may show total operating costs, and also should indicate which units are occupied each month.

Q13. Where do I find City's Resident Preference Program?

A13. For city contracts, the Resident Preference Program outlines the use of unemployed or underemployed workers that reside in the City of Milwaukee. For this program, "Resident" means a person who maintains his or her place of permanent abode within the city (mere ownership of real property is not sufficient to establish domiciliary intent). "Unemployed or underemployed" means that the resident has worked less than 1200 hours in the preceding 12 months or has not worked in the preceding 30 days or, regardless of employment status, has household income at or below the federal poverty guidelines as adjusted by the Wisconsin department of public instruction to define eligibility for reduced lunch in public schools. A worker that meets these qualifications may submit a Form I (see attached) for review and approval. Also, the city recognizes the Big Step organization as a place that workers can go to for certification.

Q14. If up-front costs must be included in management fee then does management fee begin when the properties are selected?

A14. The property management fee may be billed on a monthly basis when units are ready for occupancy and management services are being provided.

Contractor Name

DPW Contract No.

Employee Affidavit
Residents Preference Program

I certify that I maintain my permanent residence in the City of Milwaukee and that I vote, pay personal income tax, obtain my driver's license, etc. at _____, Milwaukee, WI _____
(Address) (Zip Code)

Residency status:

To verify my resident status, attached please find the following (check *two*)

- _____ Copy of my voter's certification form.
- _____ Copy of my last year's Form 1040.
- _____ Copy of my current Wisconsin Driver's License or State ID.
- _____ Copy of Other (i.e., Utility bill, Lease, etc.)

AND

Unemployment status:

I certify that I have been unemployed as follows: (Check those that apply)

- _____ I have worked less than 1,200 hours in the preceding 12 months.
- _____ I have not worked in the preceding 30 days.

OR

Underemployed status:

_____ I certify that based on the attached chart (Income Eligibility Guidelines), I am underemployed.

Print Name

Sign Name

Social Security Number

Home Telephone Number

Subscribed and sworn to me this _____ day

Of _____, _____ A.D.

My Commission Expires _____.

Notary Public Milwaukee County

Income Eligibility Guidelines July 1, 2015 to June 30, 2016

Eligibility determination is based on household size and income.
Total income must be at or below the amounts in this table.

Household Size	Yearly	Monthly	Twice per month	Every 2 weeks	Weekly
1	21,775	1,815	908	838	419
2	29,471	2,456	1,228	1,134	567
3	37,167	3,098	1,549	1,430	715
4	44,863	3,739	1,870	1,726	863
5	52,559	4,380	2,190	2,022	1,011
6	60,255	5,022	2,511	2,318	1,159
7	67,951	5,663	2,832	2,614	1,307
8	75,647	6,304	3,152	2,910	1,455
9	83,343	6,946	3,473	3,206	1,603
10	91,039	7,588	3,794	3,502	1,751
11	98,735	8,230	4,115	3,798	1,899
12	106,431	8,872	4,436	4,094	2,047
For Each Additional Household Member Add	7,696	642	321	296	148

Source: Wisconsin Department of Public Instruction

Questions and Answers from information meeting at 1:30 pm Monday, September 14, 2015

Q1. After the renovation is completed, what happens if there is the need for extraordinary repairs? For example, if a freeze causes the pipes to burst and a plumber needs to be called in to make major repairs, where do the funds come for those repairs?

A1. The RFQ (on page 4) indicates when the contract is negotiated, provisions in the contract will allow the property manager to hold back a portion of rents to accumulate a repair reserve. The repair reserve may be used for such expenses.

Q2. What if it is not extraordinary costs? For example, what about routine costs for painting, carpet cleaning, etc. when a tenant moves out?

A2. Property managers should use the repair reserve for this purpose.

Q3. In regard to bonding: a) Is a bid bond required at the time of submittal? b) Is the performance and payment bond required at the time of submittal? c) Is the performance and payment bond to be in the amount of 100% of the rehab costs or could it be a rolling bond amount for say 4-5 properties at a time.

A3. a) No. b) No. c) The performance and payment bond will need to be for 100% of the amount of the costs for rehabbing all of the properties chosen for this project. Bonding will not be required for the management portion of the contract. Insurance will be required for the management portion of the contract. It may be possible to split the work into 2 contracts: rehabilitation of the properties and management of the properties.

Q4. What is the SBE % for the work?

A4. Per the RFQ, 40 % of the work subbed out will need to be completed by City certified Small Business Enterprise firms.

Q5. What is the estimated start date?

A5. After the deadline for proposal submittals, there will be about 2 weeks to evaluate the submittals and select a firm. Then there may be a few weeks after that to work on the property selection and negotiate a contract. The bottom line is that we would like a contract in place by the end of the year.

Q6. Where there be one master key, or will we (contractor) need to re-key the properties.

A6. Renovation contractors should re-key the properties at the time they begin work, and include this cost in the renovation budget.

Q7. What would be the wage requirement for the work?

A7. The minimum wage to be paid for workers (both construction workers and any worker involved in property management) is the City's "living wage." Currently the minimum amount to be paid under the living wage ordinance is \$10.66. This amount may go up on March 1 of each year.

Q8. What is the anticipated turn around and expectations for draws?

A8. The City has a 30-day prompt payment policy for all invoices, barring any disputes. The City is open to progress payments the amount of which can be discussed with the chosen firm.

Q9. Who is inspecting the work?

A9. DCD employs rehab specialists that will assist in the review/inspection of work.

Q10. Normally the property management firm is responsible for paying taxes and property insurance. Would that be the case for this program?

A10. Property taxes are not required on these properties, as the City will retain ownership of the properties. The City will likely purchase property insurance for the properties. The specifics of that will be considered at a later date.

Q11. Will permits be required for the work?

A11. Yes, permits are required as per the Milwaukee Code of Ordinances. However, there will be no fees for the permits, as the work is being conducted on City-owned properties. Evidence that permits have been pulled will be required prior to payment for invoices. Evidence that all permits have been closed out will be required before final payment for property renovation.

Q12. What is the possibility to extend this program beyond three years?

A12. Currently this is being treated as a pilot program. The City will evaluate the program during the three year period to determine if it is something to be renewed.

Q13. Would lead abatement be required for these properties?

A13. If there were orders on a property, then the City would need to abate the lead, and that work must be included in the renovation budget. If no orders were on the property, then the City would not abate.

Q14. The RFQ makes a reference to "resident hiring." Please explain.

A14. Per City ordinances, the City will require 40% participation by workers qualified for the Residents Preference Program for all construction work performed by sub-contractors. This means that at least 40% of work hours performed by subs must be performed by workers qualified for RPP. PLEASE NOTE: THIS REQUIREMENT WAS NOT STATED IN THE REQUEST FOR QUALIFICATIONS, BUT HAS BEEN ADDED.

RENOVATION AND MANAGEMENT OF SCATTERED SITE RESIDENTIAL PROPERTY
OFFICIAL NOTICE No. 57609

Name of Firm	Address	Phone Number	E-Mail Address	Contact Person
LF Green Development	5600 W Brown Deer Rd Suite 120	414.254.4813	lmcanna@fgreendevelopment.com	Loni McCanna
JMS Property Management Group	7710 W. Casper St	414 326-6578	jonmsmoots@gmail.com	Linda Feilenz Jon M. Smoots
Hopkins Mechanical Design	4608 N 31 St. Milwaukee WI 53209	414-241-7816	hopkinsmechanicaldesign@gmail.com	Floyd Hopkins
Armando Gutierrez Environmental Housing	455 E. Ogden Ave #200 Milwaukee WI 53202	414 463 3391	agutierrez-milwaukee@yahoo.com	Armando Gutierrez
Midwest Executive Palm	4409 W. Fond du Lac Ave Stes, Milwaukee WI 53216	414-395-8771	Sony@midwest.com	Sony or Sany
Gibreliz/Dyrekamp et Milwaukee	3229 N. McK Jr.	414-841-9000	gibrelizdyrekamp@gmail.com	Chris Martin