



## Request for City Council Committee Action from the Department of Regulatory Services

Date: May 2, 2006

To: Health, Energy and the Environment Committee  
Referral to: Way and means

**Subject: Request for authorization to modify a contract with Minnesota Remodeling and Restoration for lead hazard reduction by increasing the bid price for window replacement.**

### Recommendation

That your Committee authorize the proper city officials to modify bid contract number C-21622 with Minnesota Remodeling and Restoration providing lead hazard reduction services to the City by increasing the prices for Specification Number M-9210, Jamb Liner Package, from \$390.00 per unit to \$490.00 per unit and for Specification Number M-9211, Vinyl Window with Storm, from \$390.00 per unit to \$490.00 per unit; further, that the price adjustment will be in effect from April 1, 2006.

### Previous Directives

(NA)

Prepared or Submitted by: Brian Olson, Round XII Project Manager, Healthy Homes and Lead Hazard Control, 612-673-3595

Approved by:

\_\_\_\_\_  
Lori Olson, Deputy Director, Environmental Management and Safety

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Burt Osborne, Director, Operations, Licensing and Environmental Services

**Permanent Review Committee (PRC)** Approval Pending\_\_\_\_ Not Applicable X

**Policy Review Group (PRG)** Approval \_\_\_\_ Date of Approval \_\_\_\_ Not Applicable X

Presenters in Committee: Lori Olson, Brian Olson

### Financial Impact (Check those that apply)

\_\_\_ No financial impact (If checked, go directly to Background/Supporting Information).

\_\_\_ Action requires an appropriation increase to the \_\_\_ Capital Budget or \_\_\_ Operating Budget.

\_\_\_ Action provides increased revenue for appropriation increase.

Action requires use of contingency or reserves.

Business Plan:  Action is within the plan.  Action requires a change to plan.

Other financial impact (Explain): Request is covered by HUD grant funds.

Request provided to department's finance contact when provided to the Committee Coordinator.

### **Community Impact (use any categories that apply)**

Neighborhood Notification

City Goals

Comprehensive Plan

Zoning Code

Other

### **Background/Supporting Information Attached**

In September 2004, the City of Minneapolis received \$3,000,000 from the US Department of Housing and Urban Development to perform lead hazard reduction in 300 dwelling units occupied by children in the East and Mid-Town Phillips neighborhoods. A call for bids was issued in December 2004 for a contractor to perform these services. The low bid was received from Minnesota Remodeling and Restoration, Inc. (MRR) and a contract was signed with the company on March 16, 2005. We started work on our first dwelling unit that week. Since then, MRR has completed lead hazard reduction in over 100 dwelling units.

In early April, Steve Johnston, owner of MRR, informed us that the company is losing money on the project and cannot continue to perform the services required at the existing bid prices. Mr. Johnston noted that the number of windows installed per dwelling unit has been less than he expected, resulting in a loss of several hundred dollars per dwelling unit completed. Mr. Johnston indicated that an increase in the bid price for windows of \$100 would allow him to complete the project.

We have reviewed the grant budget and cost schedule allowing for the increase in price, and have determined that it will not adversely affect our production schedule and that we will still be able to meet or exceed our target of 300 dwelling units by the end of the project. MRR has performed the required work completely to our satisfaction and we desire to retain them on this project. We wish to note that the next low bid contractor for this project was substantially higher on all bid items and that the bid for windows by that contractor was for \$665 per window or \$275 more than the MRR bid. Additionally, if we were required to solicit further bids and/or contract with another contractor, the delay would be very detrimental to the Round XII project due to time and production requirements of HUD.

For these reasons, we are requesting that the proper officials be allowed to change the MRR bid amount on installed windows from \$390 to \$490 and that the price change be made effective as of April 1, 2006.