



Business Operations Division
Office of Small Business Development

Tom Barrett
Mayor

Rhonda U. Kelsey
City Purchasing Director

Nikki Purvis
Manager

MEMORANDUM

TO: Honorable Members of the Common Council

FROM: Nikki Purvis, Small Business Development Manager

DATE: April 28, 2015

RE: Small Business Utilization – Update

On February 23, 2015, at the Community and Economic Development (CED) Committee Meeting, Chair Alderman Joe Davis requested that the Office of Small Business Development (OSBD) present a communication file at the March 23, 2015 CED meeting identifying Small Business Enterprise (SBE) utilization from 2012-2014. Specifically, OSBD was asked to identify the number of SBE firms certified as well as the number of firms awarded City of Milwaukee contracts during the abovementioned timeframe. The March 23rd meeting was canceled and OSBD presented the file at the April 13, 2015 CED Committee Meeting. At the meeting, Chair Alderman Joe Davis requested that OSBD revise the utilization data to include data from 2010 and 2011, as well as, provide a breakdown of contract awards by each department with contracting authority. As such, the updated data is reflective of 2010-2015.

From 2010-2014, 527 firms were certified with the City of Milwaukee; 114 new firms were certified and 413 firms renewed their certification. These figures encompass the Small Business Enterprise certification, the Emerging Business Enterprise certification which sunset in 2011, as well as, the Minority and Woman-Owned Business Enterprise certifications which were repealed in 2013. Over the five year period, the City awarded a total of \$872 M in contracting dollars; 187 (35%) of certified firms received \$112 M (13%) of those dollars and 340 (65%) did not receive a contract. Table A below summarizes 2010-2014 contract awards by department and Table B identifies dollars awarded to small businesses during the same timeframe.

A. Contract Awards by Department (2010-2014)

Department	2010	2011	2012	2013	2014	Grand Total
DNS	\$1,113,513	\$2,316,694	\$2,082,550	\$1,849,549	\$4,336,113	\$11,698,419
DPW	\$72,859,388	\$51,628,012	\$67,035,420	\$72,935,887	\$107,659,625	\$372,118,332
MFD	\$21,882	\$315,157	\$189,002	\$89,805	\$120,872	\$736,718
MPD	\$233,618	\$284,212	\$244,171	\$284,386	\$296,246	\$1,342,633
MPL	\$3,000,296	\$4,456,231	\$2,544,207	\$2,805,888	\$5,773,833	\$18,580,455
PSS	\$98,889,120	\$90,556,107	\$86,337,511	\$122,663,508	\$68,774,755	\$467,221,001
Grand Total	\$176,119,827	\$149,556,413	\$158,432,861	\$200,629,023	\$186,961,444	\$871,697,558

B. Contract Awards to Small Business (2010-2014)

Department	2010	2011	2012	2013	2014	Grand Total
DNS	\$319,619	\$204,940	\$671,386	\$604,032	\$1,671,050	\$3,471,028
DPW	\$10,809,593	\$9,283,346	\$13,244,536	\$18,020,849	\$22,497,735	\$73,856,059
MFD	\$19,350	\$219,085	\$114,500	\$56,556	\$77,169	\$486,660
MPD	\$83,178	\$48,288	\$20,921	\$26,270	\$40,895	\$219,551
MPL	\$590,921	\$1,321,078	\$486,203	\$415,582	\$989,489	\$3,803,273
PSS	\$4,509,248	\$5,131,443	\$9,721,998	\$6,003,384	\$4,444,702	\$29,810,775
Grand Total	\$16,331,909	\$16,208,181	\$24,259,544	\$25,126,673	\$29,721,039	\$111,647,346

The number of firms without contract awards (340 or 65%) may be a result of the lack of firms certified to provide a commodity or service, departments not requesting to procure a commodity or service provided by a small business, a firm's non-engagement in City contracting opportunities or the absence of documentation of contract awards by departments. The highest concentration of firms are certified in areas where the city spends the most funds; construction. Additionally, for a myriad of reasons, ranging from bonding and insurance requirements, challenges with the bidding process as well as a business owner determining that government contracting is no longer desirable, firms refrain from engaging in the City's contracting opportunities. Table C illustrates small business engagement in contracting opportunities from 2010-2014.

C. Contracting Activities

Year	\$ Amount of Awards	# of Awards	# of Awarded Contracts
2010	\$15,638,459.60	420	92
2011	\$16,159,893.22	411	95
2012	\$24,259,543.97	683	101
2013	\$25,126,672.84	703	114
2014	\$29,721,039.36	730	96
Grand Total	\$110,905,608.99	2947	311

The original memorandum noted that 52 firms engaged in the Bid/RFP process did not receive contract awards. You will note that the information is no included in this update as, prior to 2012, data relative to small business participation was tracked utilizing a different methodology and therefore, an updated number is not available.

The quantity of awards (formal and informal contracts, purchase orders) is inclusive of all departments with contracting authority; Department of Administration - Business Operations Division – Procurement Services Section (DOA-BOD-PSS), Department of Public Works, Department of Neighborhood Services, Milwaukee Fire Department, Milwaukee Police Department, Milwaukee Public Libraries, Department of City Development and Port of Milwaukee.

As a standard process, OSBD reviews all procurement requests (requisitions) submitted to DOA-BOD-PSS, which procures commodities and services for all city departments, and assists other contracting departments with determining the availability of Small Business Enterprise (SBE) firms. Moreover, if there are less than three (3) SBE firms that can provide the requested commodity or service, SBE participation is not required however, contracting departments may still utilize an SBE.

In many ways, recognition as a small business enterprise serves as a gateway to contracting opportunities beyond the City of Milwaukee and, it is an essential component of generating revenue. Because the City understands the impact it has on the growth and sustainability of small businesses, we will continue to evaluate and identify best practices and policies that enhance and increase contracting opportunities. Continuous collaborative efforts with community partners are critical to improving the economic and entrepreneurial landscape of our city.