



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

WORKFORCE ORGANIZATIONAL REFORM COMMITTEE

ALD. RUSSELL STAMPER, II, CHAIR
Ron Roberts, Vice Chair
Lori Lutzka, Nikki Purvis, and Dan Thomas
Staff Assistant, Chris Lee, 286-2232, Fax: 286-3456,
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Legislative Liaison, Andrew VanNetta, 286-2253,
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Thursday, February 11, 2016

10:30 AM

City Hall, Room 301-B, Third Floor

1. Call to Order.

Meeting convened at 10:31 a.m.

Present 5 - Thomas, Roberts, Purvis, Stamper and Lutzka

2. Approval of the Previous Meeting Minutes from January 14, 2016.

Ms. Lutzka moved approval, seconded by Ms. Purvis, of the meeting minutes from January 14, 2016. There were no objections.

3. Introductory Remarks.

-Introduction of members

Members made brief introductions.

-Brief overview of objectives and goals

Ald. Stamper said that the committee was formed to improve the RPP program and address inconsistencies, such as inconsistent responsibilities among different city departments. Information was gathered in table form to understand the processes and responsibilities of city departments, and that information will be used to create one uniform program with departmental and reporting responsibilities known. The purpose of today's meeting is to conduct an open, candid discussion that will lead to make the program right, efficient, and effective.

4. Discussion with outside community agency representatives on the City's workforce development and economic participation initiatives (RPP, SBE, LBE) relative to successes, failures, and suggestions for improvement.

(Developers, contractors, compliance monitors, trades, unions, RPP workers, training agencies, commerce)

-Introduction of representatives present

Representatives present at the table:

*Billy Spencer, Spencer Renovations owner
Andy Wiegman, Mandel Group Vice President of Development and Construction
Cal Schattschneider, Northwestern Mutual Director
Adam Jelen, Gilbane Building Company Senior Vice President
Mark Kessenich, Wisconsin Regional Training Program (WRTP)/ Big Step President
& CEO
Bob George, Jake's Wrecking
Jake George, Jake's Wrecking
Tony Kearney, Northcott Neighborhood House Project Director*

Jake George said that he has taken over his father's company and has worked in demolition and recycling in Milwaukee since age 14 years old.

Bob George said that he has 25 years of experience in demolition and structure relocation, has worked with DNS, and had just completed a 12 house deconstruction project for the city.

Mr. Kessenich said that his organization has served with success as being the primary certifying agency for the city's RPP program. Also, the organization serves as the primary partner to the construction industry in assisting to prepare qualified and certified individuals for major projects. The organization has fantastic partnerships with Northwestern Mutual and its affiliated contractors.

Mr. Jelen said that Gilbane Building Company is one of the largest commercial contractors locally and globally. The company has worked with WRTP/Big Step, and Northwestern Mutual on the new Northwestern Mutual tower. The company is passionate about building community, capacity, and making a difference in the RPP program.

Mr. Schattschneider said that Northwestern Mutual has a long history working with local families through its foundation and employee volunteer efforts. Northwestern Mutual is committed to local families with its RPP program.

Mr. Wiegman said that his company has a good relationship with the city in the RPP program and has done almost \$1 billion in development, most of it in the city through several TIF projects such as the North End, Riverwalk, and Domus projects.

Mr. Spencer said that he has been in business for three years. He has worked with and developed many relationships such as the city, Milwaukee Metropolitan Sewerage District (MMSD), and Jake's Wrecking.

Mr. Kearney said that his organization is a 54 year old settlement house for the city and provides training to city residents.

-Questions, answers, and representative remarks

Members asked questions, representatives responded, and further discussion was made.

The question was put: Is the City's RPP program effective and how? If not, why not?

Mr. Schattschneider replied that there are indications of success through training programs, people in the pipeline, and Northwestern Mutual's fulfillment of its RPP participation requirement. His company's RPP success required creativity from the start and partnership collaboration among contractors, businesses, and

subcontractors. An example is the Benson and Duwe Metals collaboration. His company is able to see where RPP workers are coming from within the city.

Mr. Jelen said that the program is tremendously successful and can make a step change in a focused way. The program should be more focused early in the process with early collaboration and training on the gaps to yield results on the job and far beyond the job. Training cannot be done on the heels of a project and should be measurable. The Benson collaboration is a good example of this early focus, which will result in 100% RPP workers putting up a curtain wall at the new Northwestern Mutual tower. The biggest step change is to focus on the areas or gaps that will make a difference with focused trades and disciplines.

Ald. Stamper asked how early the focused training and collaboration should be?

Mr. Jelen said that analysis should be done by the collective team on all projects relative to identifying capacity and available opportunities on the job and beyond. Training programs should be focused around the gap opportunities that can physically be done and then be measured in a sustainable way beyond the job.

Ald. Stamper asked when are agreement terms reviewed to determine the jobs that are available?

Mr. Wiegman replied that specific HR agreements can be reviewed as early as possible to allow time for bidding, purchasing, and appropriate collaborated efforts to identify opportunities, work flow, physical procurement, and true holistic needs of the city. There should be a macro approach to look at all city projects and identify true needs and sustainable long term trades. Training should be focused and measured throughout the process.

Ald. Stamper asked how the City can assist in the gap analysis process?

Mr. Thomas said that said that the Department of Public Works (DPW) can provide an accurate list of RPP eligible workers to help identify worker experience, skills, and past employment.

Mr. Roberts said that the City needs to utilize resources better and use organizations, such as WRTP and Northcott, out in the community to do pre-training and pre-apprenticeships with their existing programs. These organizations should have the responsibility to pre-train, identify available work, provide basic training, and discharge desirable people to companies.

Mr. Kessenich said that one outcome for the City is to do no harm and let the industry play out with through partnership. In a sense, the policy in of itself has given direction prompted the opportunities for partnership and focus. The industry gap analysis is a collaborative process rather than a labor market research process. The point is to have all parties communicate project challenges and develop relationships quickly. WRTP/Big Step helps inform partners its training, preparation activities, and needs such as driver license recovery, GED, and targeting community. There are some specifics that need to be address such as placement opportunities not manifesting as quickly as the public might want.

Mr. Wiegman said that success for the program is through employment and sustainable employment needs to be identified. A system needs to be created where the underemployed and unemployed are gainfully employed and given skills to continue work in perpetuity. There should be awareness of the workforce training component so that ongoing sustainable skills are being taught. The program will

have to be looked at on how it will work into the future. As a developer, his company is unable to track that persons on their project are gainfully employed and have the necessary skills to be productive going forward.

Ald. Stamper said that one goal is to develop a pipeline for the city and developers. Relationships should be built among everyone. A system needs to be developed to track workers and their track on being successful.

Mr. Thomas said that DPW has the goal from the beginning to track people both in city and non-city contracts; however, the program in DPW has only been able to track people under its contracts.

Mr. Jelen said that the gap analysis process can be captured and measured in a focus way on upfront training, gaps or areas of focus, and true output results. The Benson collaboration is an example of gap analysis being done.

Carla Cross, Cross Management Services President, appeared and made comments. Her company has been tracking RPP participation and workers on non-construction jobs. Her company has worked with Direct Supply to track RPP workers on a quarterly basis since 2005 when her company started doing so through a pilot project. Cross Management Services help qualified people get certification from DPW and track their work hours. RPP hours are being banked and will be applied to future projects of Direct Supply, which has opened up RPP opportunities for non-construction related work. There are RPP certified workers who have worked many years with Direct Supply. RPP is being applied to non-construction related jobs on construction projects, which opens RPP hours for female workers. Construction is mainly male dominated.

Ald. Stamper said that there should be one software for everyone to utilize, track, expand, and develop a pipeline. He inquired about the use and level of tracking being done in the City's LCPTracker software system or in other software systems.

Ms. Purvis said that the City currently utilizes LCPTracker to track and monitor RPP participation on city contracts and private development projects meeting the \$1 million threshold. The software is a paperless process that allows for easier internal operations to run reports, data, and track workers across projects. Current data is for workers and projects executed in 2015. Data will continue to be obtained going forward on projects or contracts executed by the City. Time is needed to accumulate data and a pipeline in the system. The software can identify the projects that a worker has worked on over time. The software cannot identify a worker's training, but some documents with training information can be uploaded into the system. A goal is to have the pipeline data in a centralized location.

Ms. Cross said her company has its own database software with job descriptions, experience, and history of the workers being tracked. Also, the company has RPP affidavits from workers containing information such as skills and union memberships. Many workers may be in administrative or professional positions and not in construction. With some difficulty, the company is starting to use and be trained to use LCPTracker for projects with funds from the city. Going forward the company will still use its own database and will use LCPTracker only when required, such as the Mackie building project. The requirement comes from developer agreements that have City funding.

Mr. Roberts said that the ideal is for a unified system with everyone feeding into the same system. There should be an incentive for non-City employers to report into the same system; otherwise, continuing data on RPP workers are lost.

Fred Royal, President for the National Association for the Advancement of Colored People Milwaukee Branch, appeared and made remarks. The Milwaukee Area Workforce Investment Board (MAWIB) has an efforts to outcomes (ETO) system that tracked individuals, who received training dollars, and their training information. It would be a good opportunity to utilize the ETO system to develop a pipeline, and MAWIB should be the first choice as written in Ch. 355 of the City code.

Mr. Kessenich said that WRTP uses its own ETO system and has been tracking RPP participation for years relative to training and employment. Some of that information will be shared to the Public Policy Forum. The bigger issue is to develop sustainable, advancing careers rather than short term employment.

Mr. Kessenich added that WRTP is actively involved in addressing worker qualification on the contractor side, labor side, and the registered apprenticeship system. The registered apprenticeship system is one way of tracking the progression of people. Also, WRTP is working with Northcott and others to developing a formal apprenticeship system with programs and partnerships to prepare people for apprenticeship. Certification deliverables will be known. Opportunities will exist for RPP labor participation, and the challenge is to find out if industry partners will be delivering on that end.

Ald. Ashanti Hamilton, 1st aldermanic district, appeared and made remarks. It is important to look back at the M.O.R.E ordinance. Very few have used the different components of the ordinance. The conversation and community needs are changing due to retirements. The pipeline for construction needs to be filled. There is real opportunity to restore employment for the City. The conversation today should be guided by three points. First, the conversation for workforce change is a good first step for the City since other cities across the country are forced to make workforce changes due to litigation. Second, workforce changes and the development of a pipeline must appropriately happen with the inclusion and participation of the outside community. Third, frontend training and real opportunities for apprenticeships need to occur to continue a pipeline. Despite some difficulty with getting some people to participate in LCPTracker, the software must be the one software being used by everyone to enable access, share information, and prevent the occurrence of silos. The focus should not always be on the 40% participation requirement, underemployed, and unemployed. The incentives should be on continuing a pipeline from start to finish, retaining people throughout the process, valuing skilled workers, and crediting employers who retain workers. With a pipeline and employment stability, people at the beginning and middle of the pipeline will have the motivation to continue. Very few employers are exercising in getting credit for retaining workers.

The question was put: What incentives would you like to see and get credit for to continue the pipeline and retain workers?

Mr. Kearny said that the conversation needs to deal with two populations. Despite the focus on the underemployed and unemployed, existing RPP certified individuals should be made whole and given the opportunities to continue through the program with continuing employment to prevent flooding the market, unprepared workers, bumping of existing workers, competition, discouragement, and discontinuances in the program. New people should be brought into the program only during shortfall situations. Northcott has experienced instances where supervisors would rather become trainers to have stability instead of working on projects.

Ms. Cross commented. RPP does not apply only to first jobs. Individuals can remain certified for at least five years as long as they remain in the City. Employers can

keep workers for the entirety of the certification period. There should be incentives and credits given to companies to retain RPP certified workers. RPP hours should be able to be banked and use for future or other current projects requiring RPP participation. RPP certified worker information should be made available where companies can access and find RPP certified individuals. Cross Management Services has been able to refer to companies from its database; however, other companies may not have connections to find workers. Access and communication are keys to find RPP certified individuals.

Ms. Lutzka said that credit can be given under Ch. 355 of the City code. One-third of worker hours for RPP can be used for the end user. Also recognized is one-third of the hours on another project to be use on a current project. Hours cannot be banked forward. Individuals should always be RPP certified indefinitely as long as they remain residing in the City. The elimination of the five year certification deadline allows growing a pipeline and perhaps a future opportunity to increase the 40% RPP participation requirement.

Mr. Thomas said that the one-third credit provision is also in Ch. 309 of the City code. There are ways to create additional incentives and credit for contractors based on workers advancing, being promoted, and being added into the pipeline. Examples include instances of employee promotion during time of employment and successful completion of apprenticeships.

Mr. Wiegman said that developers are challenged since they do not directly deal, hire, or work with workers. General contractors are generally hired to directly engage in the hiring and management of workers. Mandel Group has worked with Cross Management Services to identify general contractors and to hire workers. General contractors must be questioned on how to fulfill RPP participation requirements. There are incentive opportunities for general contractors and subcontractors who are providing labor and maintaining continuous employment of RPP certified workers. Contractors should get credit regardless if the project requires RPP or not.

Mr. Jelen said that the opposite should occur. The focus should not be on incentives. The construction industry should be responsible and be tougher on itself in a focus way to maximize its resources and the City's resources to yield value. The value of a pipeline needs to be measured and calculated upfront. The industry is tough currently on a macro level but needs focus in an upfront micro level to bring value and sustainability to a pipeline. A focused and measured approach along with true industry collaboration will yield value. The Benson collaboration is a great example that has led to a local minority business enterprise and 100% RPP certified workers to fabricate the curtain wall system on the new Northwestern Mutual tower project.

Ms. Purvis concurred. The upfront focus and industry collaboration are occurring on the new project on the horizon. The responsibility of hiring RPP certified workers is a shared responsibility between both the prime and subprime contractors performing contracts. The perception that subcontractors have that responsibility needs to change through action.

Mr. Wiegman concurred and said that early collaboration has to happen proactively.

The question was addressed to contractors at the table: How can the process be more effective for your business and those in the RPP program?

Mr. Spencer said that he has not experienced any difficulties other than when first learning the process. He has learned the process and has helped others to understand it, which is to live in the City and be qualified to work on projects.

Paperwork has not been challenging and has not taken away his ability to be a successful small contractor. He has been able to acquire contracts once current ones are completed. He has been able to retain workers and acquire new workers from WRTP, MAWIB, and Running Rebels.

Bob George said that the program can be more effective in addressing employment sustainability and continuity to keep workers employed. Additionally, another improvement should be to give insulation to contractors from unintended leverage costs, such as unemployment compensation, and costs of daily employment, such as unemployment insurance. Small contractors can get leveraged and into trouble easily in the program. His company went through a learning curve and experienced the leveraged costs. Bidding is very competitive. He has worked with workers from Northcott and MAWIB. Perhaps there should be more subsidized programs. MAWIB has a subsidized program where MAWIB was the employer to handle daily employment costs and where half of the wages were subsidized from the state. In this program, his company would pay the rest of the wages capped at \$12.50. This program, however, lacked many candidates that would qualify for the program.

Ms. Cross said that a contractor's company worker's compensation rate will go up if unemployment compensation is being claimed against the contractor company.

Mr. Kearny said that subsidized programs are limited in number. Transform Milwaukee is the subsidized program that was referenced, and it is restricted to a certain pool of candidates from a certain geographical area. Northcott is a contractor and also has to deal with labor costs as well. A problem to address is employment sustainability, as stated.

The questions were put: What will make the RPP program easier to hire from the community? What would it take to offer more training and apprenticeship opportunities? What is the most critical change the city can make to improve the RPP program?

Mr. Wiegman replied. There needs to be industry collaboration, including the parties present at the meeting. There has to be a central depository with easy access to information to hire individuals. There is opportunity to find ways to fund training programs, perhaps with some tax incremental financing that is being spent. A stable, qualified, and available workforce is desired. More qualified workers will increase the supply of workers and employment continuity. Extending the capacity for long term training programs for unions and contractors should be looked at. Some training capacity building programs should be based on helping small businesses understand the program, understand cash flow implications, be successful, and to not get into trouble with leveraged costs. If possible, city payment terms should be accelerated in timeframe to benefit small businesses.

Mr. Schattschneider said that efforts should be exercised regularly at gap identification at the forefront to help any project large or small.

Mr. Jelen said that there are short term and long term changes to make. The short term change is the upfront, focused gap analysis identification and training as mentioned. The long term change is for industry collaboration to identify true gaps in the macro marketplace in the next few years and focus on specific trades that will most impact construction and beyond. Contractors should focus on those specific trades to help people obtain job sustainability and opportunities.

Mr. Kessenich said that there is the option of do no harm, meaning to not rush into fixing the program. There must be rational expectations and realistic understanding

of opportunities. Unemployment will not be solved through major projects but can be lessened. Industry collaboration has yielded results and needs to continue. Pipeline support is needed for people at all different levels. The policy should recognize the value of RPP certified individuals, and private and public investment should be made to support them. The program needs to be more than a certification program but rather take a step forward to yield qualified candidates with skills. Government has the role to give direction and guidance. Private developers need to be given the opportunity to take the lead on projects, maximize resources, and build partnerships, apprenticeships, and a skilled workforce.

Bob George said that job continuity and sustainability is where the problem rises. For him, workers do become together as a unit until the end of projects.

Jake George said that perhaps a point system in the RPP program should be established. Individuals acquiring more employable skills and traits should receive more points. Employers can then see who desirable workers are.

Mr. Kearny said that industry collaboration with existing groups will make the program easier. MAWIB must be a major player. MAWIB has the dollars to train and to give to WRTP. WRTP has relations with employers. Everyone has been scattered and operating in silos for the last decade.

Mr. Spencer said that building relationships is important to help entrepreneurs like him to obtain resources to be successful in the RPP program.

Ald. Stamper concluded the discussion and said that job continuity comes with industry collaboration, which is the key to the whole conversation today.

12 P.M.

5. Public hearing on the City's workforce development and economic participation initiatives (RPP, SBE, LBE) relative to successes, failures, and suggestions for improvement.

Individuals appearing to testify:

*Mr. Michael Fabishak, CEO of Associated General Contractors of Milwaukee
Fred Royal, President for the NAACP Milwaukee Branch
Ken Harenda, KPH Environmental Construction & SA Herbs*

Mr. Fabishak testified. His firm represents about 300 contractors. He has been involved in workforce development for 18 years, served on the boards of many groups such as Big Step and MAWIB, and understands the issues. He is supportive of the RPP program and was involved in the original drafting of the ordinance. Contractors need to understand the value of workers and their skills. There should be collaboration and not a reinvention of the wheel. The RPP program is only a vehicle for workers. There needs to be an understanding of what compels contractors to hire workers full time.

Mr. Royal testified. The construction industry is one industry where great migration happens. People working take their wages to the suburbs, which is about \$11 billion according to a report on the assets of the City. Also, the construction industry is one of the last batch cases of institutional racism. The City has only 4 individuals to enforce racial inclusion while other cities of comparable size have a minimum of 11 people according to a report from P3. There should be more people to enforce the

ordinance. City residents have difficulty getting into the construction trades. Unions have relocated their training facilities into the outside counties, such as Waukesha and Pewaukee. Technical schools used to be the pipeline for construction trades. Milwaukee Area Technical College (MATC) offers some training, but agreements should be reinstated so that unions will recognize that the skills taught are transferable and acceptable in the apprenticeship pipeline.

Mr. Harenda testified. His firm is one of the environmental contractors and trainers in the state. The firm has online training and has worked with the City and Northcott on many projects. His firm receives funding from the state, county and city to train individuals and certify them; however, there is no support system to get them qualified. The RPP program is a good program, but the issue is keeping people employed - to prevent people from exiting the program after certification and a few jobs. The firm has a joint partnership program with MATC called Milwaukee Youth Pathway to Construction Trades. The program teaches people between ages 16 to 24 different construction trade skillsets and tries to help them find employment. There is promise with industry collaboration.

Ald. Stamper inquired about those with a relationship with MATC and said that perhaps relationships with MATC should be increased.

Mr. Kearny said that Northcott has a relationship with MATC to provide some academic classroom training components of the organization's youth builds program.

Mr. Kessenich said that his WRTP is trying to coordinate some short term training with MATC at the college's south side facility relative to appliance repair, masonry, and carpentry programs. Broadly speaking, there are some relationships between the trades and MATC. The labor market is tightening up and everyone is looking to provide more quick access to the industry. The challenge is not just solving the RPP program but to attract people into the industry.

6. Next Meeting Date and Time.

Thursday, February 25, 2016 at 9 a.m. in Room 301-B, City Hall.

7. Adjournment.

*Meeting adjourned at 12:13 p.m.
Chris Lee, Staff Assistant*