



Business Operations Division
Office of Small Business Development

Tom Barrett
Mayor

Rhonda U. Kelsey
City Purchasing Director

Nikki Purvis
Manager

November 6, 2015

Ms. Stacey Mazmanian
Audit Manager
City of Milwaukee Internal Audit
City Hall, Room 404
200 East Wells Street
Milwaukee, WI 53202

Dear Mrs. Mazmanian,

This letter provides the Department of Administration (DOA) -Business Operations Division (BOD)-Office of Small Business Development's (OSBD) responses to the recommendations of the Audit of Resident Participation in Development Agreements.

We appreciate the opportunity to work with audit staff and value the recommendations for improving the OSBD's best practices as it relates to resident participation in development agreements.

Recommendation 1: Develop and document policies and procedures for monitoring residency requirements in development agreements.

While the Contract Compliance Officer currently utilizes drafted documents outlining policies and procedures for monitoring compliance, we understand the appropriateness of formalizing the processes in a centralized location readily accessible to all employees. Although no private development projects completed between August 9, 2009 and December 31, 2014 triggered resident participation as defined in Chapter 355, we recognize the positive impact written policies have on the department's ability to monitor and analyze program effectiveness.

Prior to the audit, the OSBD identified the need to formalize procedures for monitoring residency requirements in development agreements and is in the process of codifying the drafted procedures in the department's Procedures Manual.

Implementation date: *Action already in progress with an anticipated completion date of January 1, 2016.*

Recommendation 2: Strengthen controls to ensure reporting accuracy.

Item 2. Developers not utilizing the external monitoring company should receive training regarding resident participation compliance requirements.

The OSBD shares the audit's concerns about reporting accuracy. For large private development projects, as a provision of the SBE or Human Resources Agreement, developers are often required

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to utilize an external compliance monitor who reports residency data to the OSBD. As a standard practice, the Contract Compliance Officer meets with the developer and/or its designee to discuss compliance and reporting expectations. However, offering additional training opportunities or information to the broader contracting community regarding the residency program may increase compliance.

Implementation date: Action already in progress with an anticipated completion date of January 1, 2016.

Item 3. The OSBD should:

- a. Develop and implement policies and procedures to obtain and retain supporting documentation*
- b. Verify the quarterly and final resident participation reports are consistent with what was reported to the City throughout project construction.*

The OSBD shares the audit's concerns with obtaining and retaining supporting documentation. To date, it has been the office's procedure to collect contractor time reports for all private development projects with the exception of those with external compliance monitors. We recognize the importance of collecting all documentation, as identified in the ordinance, so that the information is readily available upon request. Obtaining such documentation further ensures the ability to verify that participation reports are consistent throughout project construction.

Implementation date: Action completed as of August 21, 2015.

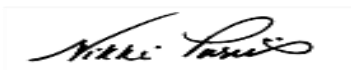
In October 2014, the City procured LCPtracker, a web-based workforce compliance software, to track, monitor and centralize residency participation data. In 2015, the OSBD completed implementation and, to date, is tracking residency data for two development projects (Century City 1 and The Mackie Building.) This software will allow the OSBD the ability to improve recordkeeping, compliance monitoring and provide more comprehensive data analysis.

Recommendation 4: Prepare and communicate an annual resident participation performance report.

As the audit notes, there were no persons or entities that received direct financial assistance for projects approved after August 8, 2009 and completed by December 31, 2014. Therefore, the OSBD was not required, per ordinance, to prepare such information. However, the OSBD understands how this data impacts policy decisions and, on October 26, 2015, presented its first comprehensive resident participation performance report to the Common Council which included data for all private development projects with residency requirements. It is important to note that prior to the submission of this report, the OSBD included RPP participation outcomes related to development projects in the annual SBE Participation Report which is required annually via Chapter 370.

Implementation date: Action completed as of October 26, 2015.

Best,



Nikki Purvis
Manager



Department of City Development
City Plan Commission
Redevelopment Authority of the City of Milwaukee
Neighborhood Improvement Development Corporation

Rocky Marcoux
Commissioner
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Martha L. Brown
Deputy Commissioner
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November 12, 2015

Mr. Martin Matson
Comptroller
City of Milwaukee
City Hall, Room 404

Dear Mr. Matson:

This letter provides the Department of City Development's response to the Audit of Resident Participation in Development Agreements dated November 2015. We appreciate the opportunity to work with audit staff to ensure unemployed and underemployed city residents are working on the projects to which the City provides financial assistance and that developers are committed to the requirements in the Milwaukee Code of Ordinance Chapter 355.

Your staff was particularly thoughtful and diligent in working with the Department of City Development (DCD) as information was gathered and questions arose. While DCD does not have primary responsibility for monitoring compliance with RPP requirements, we see ourselves as important contributors to attaining compliance with both the goals of the ordinance and City policy. I want to share some specific comments with respect to your department's audit:

Recommendation 2: Strengthen controls to ensure reporting accuracy.

Item 1. For development agreements with a resident participation requirement, the developer should be required to utilize an external monitoring company to track and report resident participation data throughout a project.

The Department of City Development supports the utilization of an external monitoring company to track and report resident participation data throughout a development project. Implementation date: *April 30, 2015. All development projects that include a resident participation requirement in the Human Resource Agreement require the use of the LCPtracker system as requested by the Department of Administration (DOA)-Business Operations Division (BOD)-Office of Small Business Development's (OSBD) staff.*

Recommendation 3: Require the use of LCPtracker to report resident participation in development agreements.

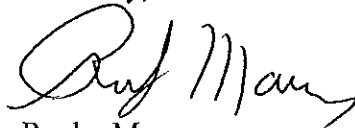
On April 30, 2015 the Department of Administration (DOA)-Business Operations Division (BOD)-Office of Small Business Development's (OSBD) staff hosted a meeting and invited Department of City Development and City Attorney's Office representatives and introduced

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them to the LCPtracker system. It was requested that all projects moving forward should require the use of this system by developers who have resident participation requirements. Implementation date: *April 30, 2015. The City Attorney's Office staff prepared language that was added to the Human Resource Agreement template requiring the use of the LCP tracker to monitor resident participation on all development projects that have a Resident Preference Program requirement. Term sheets developed by the Department of City Development include the required Human Resource Agreements and explicitly commit developers to use the LCPtracker as part of their compliance with RPP requirements.*

Thank you for the opportunity to respond to these recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Rocky Marcoux". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rocky Marcoux
Commissioner