



City of Milwaukee

Emerging Business Enterprise Program 2004 Annual Report

Emerging Business Enterprise Program Objectives

- Actively expand a business enterprise community through assisting and protecting the interests of individuals who are at a disadvantage in order to promote and encourage full and open competition in the city
- Promote job creation through financial assistance
- Identify opportunities for the development and expansion of emerging business enterprises

History

- In 1989, Milwaukee Code of Ordinances Chapter 360 was revised to utilize city certified Disadvantaged Business Enterprises.
 - Requiring 18% DBE participation from all contracting departments
- From 1985 to 2000, the Joint Certification Program certified DBE's for the City, Milwaukee County, MMSD, MPS and MATC.
- In 2001, JCP was discontinued; City of Milwaukee began to certify firms.
- From 2001 to present, the City of Milwaukee certified firms as Emerging Business Enterprises (EBE's).

What Is an Emerging Business Enterprise?

A small business concern that is owned, operated and controlled by one or more individuals who are at a disadvantage. The individuals must have day to day operational and managerial control and interest in capital, financial risks and earnings commensurate with the percentage of their ownership.

MCO 360-10

Who Is “Disadvantaged”?

“Individual at a disadvantage means a person who is a citizen or lawful permanent resident of the U.S. and who has experienced and who continues to experience substantial difficulty in achieving business related success in the greater Milwaukee area as a result of at least 3 of the following ... criteria”:

- At a disadvantage with respect to education
- At a disadvantage with respect to employment
- At a disadvantage with respect to residence or business location
- At a social disadvantage
- At an economic disadvantage

Who Are Emerging Business Enterprises?

Females	99	33%	
Males	203	67%	
<u>Breakdown:</u>			
African American Females	31	10%	
African American Males	112	37%	143
American Indian Females	8	3%	
American Indian Males	2	1%	10
Asian Indian Females	6	2%	
Asian Indian Males	21	7%	27
Hispanic Females	7	2%	
Hispanic Males	45	15%	52
White Females	53	18%	
White Males	17	6%	70
Total EBE Firms	302	100%	

as of 6/05

Certification

In 1997, under the auspices of the City/County Joint Certification Program, total certification costs were an exorbitant \$90,253. During that same year, only 55 firms received certification, while participation from EBE firms on City contracts was 11.3%.

Year	Re-Certs	New Certs	Revenue	Cost	Participation
1997	23	32	N/A	\$90,253	11.3%

In 2000, the Joint Certification Program was disbanded; the City began certifying firms and initiated a sliding fee scale. In 2001, though the sliding fee scale brought in \$62,455 in revenue, the participation on city contracts was only 10.2%--an eight year low.

Year	Re-Certs	New Certs	Revenue	Cost	Participation
2001	36	31	\$62,455	\$30,833	10.2%

Thus, in 2002 the sliding fee scale was removed and changed to a flat \$50 fee to encourage more firms to apply for certification. By 2004, the result of a combination of dissolution of the sliding fee scale, changing the name of the Program to reflect a more positive image, better marketing of the City's EBE Program, more aggressive recruitment of eligible firms to apply for certification, and innovative application of the requirement to applicable contracts was evident in the significant increase by 40 % of certified firms and achieving a citywide participation rate of 16.5%.

Year	Re-Certs	New Certs	Revenue	Cost	Participation
2004	42	53	\$5,450	\$54,510	16.5%

Financing Programs

- Revolving Loan Program
 - Must have an accepted bid and pending contract with the City of Milwaukee, MPS, MMSD, MATC
 - Maximum loan amount up to 25% of contract, or \$35,000
 - 5% Interest Rate
- Performance Bond Program
 - Letter of Credit up to \$50,000

2004 Revolving Loan Activity

COMPANY	LOAN/DATE	AMOUNT
INTEREST INCOME		
AJR Lawn Service \$955.14	2/5/2004	\$35,955.14
LaBrant and Assoc. \$733.21	4/28/2004	\$35,733.21
Dionne Construction \$585.76	4/26/2004	\$35,585.76
Hopwood Masonry \$477.57	4/27/2004	\$35,477.57
Kennedy Construction \$474.08	9/27/2004	\$32,869.08
B&B Painting \$864.33	11/04/2004	\$35,864.33
Eaton's Asphalt Service \$477.57	11/04/2004	\$35,477.57
TOTALS		
\$4,567.60		\$246,962.66

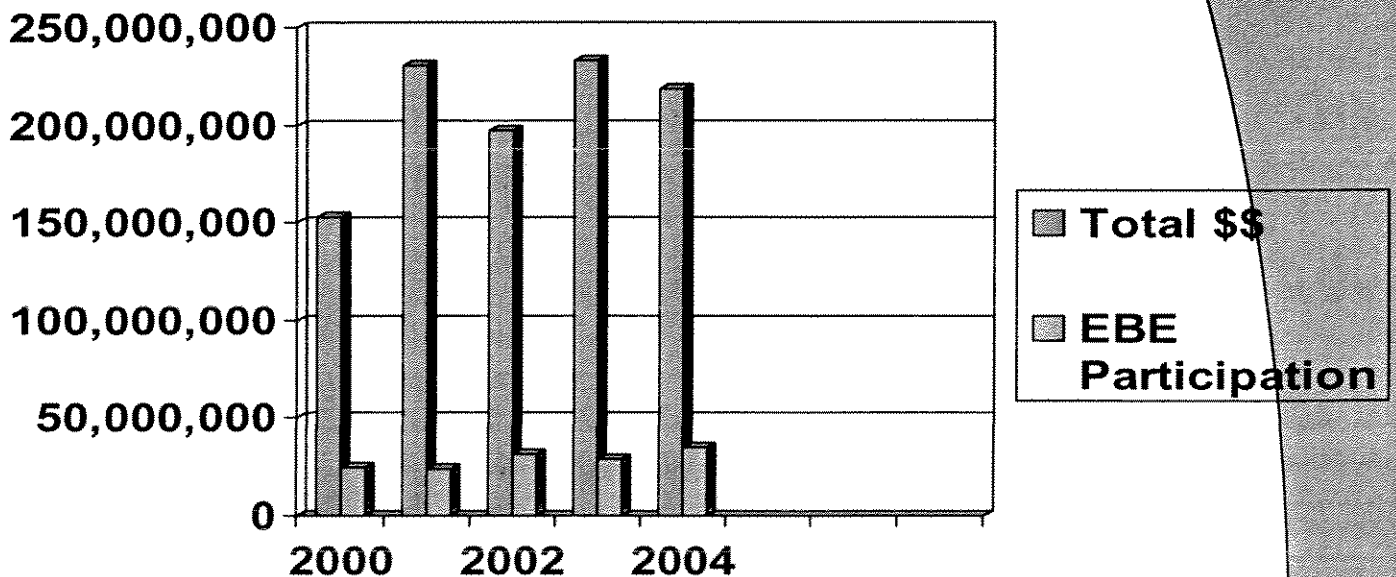
Revolving Loan Activity Summary 2001 through 2004

Year	# of Loans	Total Value	Interest Income	# of Jobs Created	# of Jobs Retained
2001	1	\$ 35,145.63	\$ 145.63	8	2
2002	4	143,820.56	3,820.56	20	19
2003	1	35,955.14	955.14	24	24
2004	7	246,962.66	4,567.60	23	20
TOTAL	13	\$461,883.99	\$9,488.93	75	65

Executive Summary

The Emerging Business Enterprise 2004 Annual Report Shows an Increase in City Government Business Opportunities for Emerging Businesses. Milwaukee Code of Ordinances, Chapter 360 requires all contracting departments to utilize EBE's for 18% of the total dollars expended annually. In 2004, the City Contracted a Total of \$219,593,502 and Achieved a 16.5% EBE Requirement Totaling \$36,249,272. Below Is a Composite of the City of Milwaukee's Emerging Business Enterprise Program, Since 2000.

Year	2000	2001	2002	2003	2004
Total \$	152,964,590	230,104,341	197,030,799	233,024,257	219,593,502
EBE \$	24,691,381	23,585,692	31,648,609	28,954,582	36,249,272
EBE %	16.1%	10.2%	16.1%	12.43%	16.5%



Executive Summary

Department of Public Works

The Department of Public Works is responsible for a variety of functions including: snow and ice removal, solid waste collection, maintenance of the City's infrastructure, support services and facilities maintenance. From 2000 to 2004, DPW has averaged an EBE participation rate of 23%. Below is a composite of Department Public Works Emerging Business Enterprise participation from 2000 through 2004.

DPW includes: Infrastructure, Forestry, Sanitation, Support Services, Water Works

Year	2000	2001	2002	2003	2004
Total \$	35,211,750	38,287,000	42,885,307	43,086,611	66,907,999
EBE \$	7,201,906	7,443,898	9,808,654	14,900,843	11,966,089
EBE %	20.5	19.4	22.9	34.5	17.9

Executive Summary

Department of Neighborhood Services

The Department of Neighborhood Services (DNS) is responsible for enforcing standards for buildings, property and land use. Trucking, concrete, and demolition were the 3 largest industries where EBE firms participated, totaling \$343,127. In 2004, DNS achieved an EBE participation rate of 32%. This represents \$373,873 dollars spent with EBE's of the \$1,159,521 total spent by DNS. Below is a composite of the last 5 years of EBE participation.

Year	2000	2001	2002	2003	2004
Total \$	845,924	1,676,922	1,073,273	1,617,632	1,159,521
EBE \$	157,441	392,217	491,629	563,689	373,873
EBE %	18.6	23.4	45.8	34.8	32.2

Executive Summary

Procurement Services Section

The Procurement Services Section is responsible for acquiring commodities and services for the majority of City departments. The type of commodities and services the Procurement Services Section purchases has been a challenging area for EBE participation due to the lack of EBE firms that can supply specific commodities and their ability to compete against larger manufacturers/distributors, who are also the city's suppliers. However, the Procurement Services Section has added extra points in their Request for Proposals for firms who voluntarily include Emerging Business Enterprises in their proposals. Additionally, where there is sufficient competition to justify it, a percentage requirement exceeding 18% is placed on the procurement.

Year	2000	2001	2002	2003	2004
Total \$	47,047,820	72,302,800	55,900,315	59,418,732	26,342,758
EBE \$	4,191,837	1,718,111	2,104,284	847,104	715,242
EBE %	8.9	2.4	3.8	2	2.7

Executive Summary

Housing Authority of the City of Milwaukee

The Housing Authority is administered and supported by the Department of City Development. HACM is responsible for the construction and management of affordable housing for city residents. Due to the fact that HACM receives federal funding, many of their contracting activities and construction projects have Minority and Women Business Enterprise participation requirements (M/WBE). Please note that some of their contract activities are funded with City dollars and therefore require EBE participation.

Year	2000	2001	2002	2003	2004
Total \$	44,508,731	17,311,641	26,332,155	19,035,967	17,813,374
EBE \$	9,157,161	2,637,303	5,646,067	2,777,356	3,096,917
EBE %	20.6	15.2	21.4	15	17.4

Executive Summary

Fire and Police Departments

The Fire and Police departments of the City of Milwaukee utilize the Procurement Services Section to procure most of its commodities. These departments have smaller contract activity and therefore have been combined into one report.

Year	2000	2001	2002	2003	2004
Total \$	362,204	374,503	321,333	228,733	284,530
EBE \$	87,347	70,082	41,274	30,404	83,557
EBE %	24.1	18.7	12.8	13.3	29.4

Executive Summary

Milwaukee Public Library

The Milwaukee Public Library EBE participation is dependent on the construction and the renovations of libraries in the system. The EBE participation has seen dramatic fluctuations over the years, due to the cyclical nature of the construction and renovation schedule of the local libraries.

Year	2000	2001	2002	2003	2004
Total \$	4,050,521	1,693,617	4,352,193	3,938,290	1,880,293
EBE \$	2,051,756	163,078	977,598	359,469	167,816
EBE %	50.7	9.6	22.5	9.1	8.9

Executive Summary

Department of City Development

The City of Milwaukee's Department of City Development is responsible for a wide range of activities that include: housing, planning, development, business assistance and marketing. The EBE office monitors DCD development projects where the City has provided financial support through a creation of a Tax Incremental District, bond issuance, or below market value land sale, etc. In addition, these projects may require Resident Preference hiring so that 21% of the total hours worked are allocated to city residents who reside in the Community Development Block Grant Area.

Year	2000	2001	2002	2003	2004
Total \$	20,919,140	98,305,103	66,166,233	110,692,830	102,205,027
EBE \$	1,825,433	11,133,353	12,585,103	11,069,283	19,845,778
EBE %	8.7	11.3	19	10	18.9

EBE Participation on DCD Projects*

- MSOE Kern Center – 17%
- Grand Avenue Phase II – 25%
- Cathedral Place – 18%
- Midtown Center - 23%
- 875 East – 22%

*Only projects that were completed and final reports submitted in 2004 were included in DCD's EBE participation for this annual report.

2004 EBE Utilization by City Departments

- Department of Public Works 17.9%
\$11,966,089
- Housing Authority 17.4%
\$3,096,917
- Department of Neighborhood Services 32.2%
\$373,873
- DOA – Procurement Services Section 2.7%
\$715,242
- Milwaukee Fire & Police Departments 29.4%
\$83,557
- Milwaukee Public Library 8.9%
\$167,816
- Department of City Development 18.9%
\$19,845,778

EBE Contracted Dollars by Race and Gender

HACM

African American: \$574,990

Hispanic: \$779,675.20

Asian Indian: \$251,971.86

American Indian: \$255,265

White: \$218,083.32

Male: \$1,752,281.06

Female: \$327,704.22

DPW

African American: \$2,473,262.98

Hispanic: \$5,043,350.86

Asian Indian: \$798,156.98

American Indian: \$876,810.07

White: \$2,774,509.04

Male: \$8,609,321.51

Female: \$3,356,768.42

Fire & Police

African American: \$11,250.00

White: \$72,306.00

Male: \$11,250.00

Female: \$72,306.00

EBE Contracted Dollars by Race and Gender – Cont'd

DNS

African American: \$202,047.02

Hispanic: \$113,849.70

White: \$113,849.00

Male: \$238,434.82

Female: \$149,849.70

Library

African American: \$25,269.00

Asian Indian: \$75,850.00

Hispanic: \$49,518.00

White: \$17,179.00

Male: \$130,575.00

Female: \$ 37,241.00

Procurement Services Section

African American: \$141,349.09

Hispanic: \$60,880.32

Asian Indian: \$367,151.72

American Indian: \$38,660.82

White: \$107,200.97

Male: \$561,050.36

Female: \$154,192.31

Statistical Analysis

- Of the \$11,966,089.93 paid to EBE's by DPW in 2004, \$8,495,780 or 71% was distributed among three industries.

- Construction \$3,429,653
- Local Trucking \$3,304,588
- Concrete Supply \$1,761,539

Note: 61 EBE firms were utilized in the distribution of \$11.9 million

- Minority owned EBE firms received \$27.8 million, or 80% of the contracting dollars
- African American owned EBE firms are currently certified as:
 - General Contracting – 51% (Construction related activities)
 - Professional Services – 27% (Accounting, Legal, Engineering)
 - General Services – 22% (Cleaning, Security, Material Suppliers)
- Of the 302 certified Emerging Business Enterprise firms as of June 2005
 - 191 are City of Milwaukee based businesses
 - 111 are businesses located outside the City of Milwaukee
- Of the contracted dollars paid to Emerging Business Enterprises*
 - 36% of the contracted dollars was paid to Local firms
 - 64% was paid to EBE's located outside the City of Milwaukee.

*Does not include Department of City Development Projects

Conclusion

In 2004, the City of Milwaukee obtained a 16.5% EBE participation for all contracting departments. Even though the mandatory 18% minimum EBE participation requirement was not met by all contracting departments, the City of Milwaukee has a sound policy of mandatory participation for City departments. In fact, no other city of comparable size and demographics has a more stout policy than Milwaukee as it relates to disadvantage business participation. Our cooperative efforts will provide incentives to local businesses and lead to the attainment of 18% EBE participation for the City of Milwaukee.

The EBEP, in conjunction with city departments, has increased EBE participation on contracts. Requiring higher EBE participation on contracts in areas where EBE firms can have significant roles has allowed EBE firms to serve as prime contractors. This capacity building initiative will allow greater participation in the future. The Procurement Services Section is an example of a city department that has utilized alternatives in promoting EBE participation (as noted on Page 14). The raised awareness by contracting departments has enhanced the Emerging Business Enterprise's opportunity to work with the City of Milwaukee.

It has been the diligent charge by the entire EBE staff to seek, recruit, and retain firms to be certified in fields of high demand. The EBEP staff will continue to improve communications to the current certified firms with the development of an in depth annual survey, the expansion of our website, and increased visibility among other local, state, and federal agencies.

Conclusion - continued

Our current affiliations with the U.S. Small Business Administration, Wisconsin Minority Business Opportunities Committee, Department of Transportation, Office of Small, Disadvantaged Business Utilization, and Milwaukee County have allowed the EBEP to expand its message.

Currently the Emerging Business Enterprise office is working with the Department of Administration - Information and Technology Management Division to devise an online contract reporting system. This "live" web based data tracking program will offer the EBE program the ability to monitor, inquire and report contract compliance to contracting departments, City officials and the viewing public. This step towards advancing technology will not only help the City in contract compliance, but will lend to greater adherence by prime and sub contractors. We also believe this will encourage smaller contractors to embrace technology that can further their efforts in growing their businesses.

Overall, the EBEP has seen improvements with a 40% increase in certifications in 2004, a 16.5% EBE participation city wide that is up 4 points from 2003, and a renewed commitment to the Emerging Business community from the Mayor. This commitment will yield a study on the Program's effectiveness and enhance the opportunities available to Emerging Business Enterprises.

EBEP Staff

- Christopher Martin – Manager
286-5552
- Eunice Harris – Business Analyst Sr.
286-8749
- Sherwin Hughes – Business Analyst Sr.
286-8781

Office Phone: 414-286-5553

Fax: 414-286-8752

Website: www.milwaukee.gov/ebe

Address: 200 East Wells Street
City Hall, Room 606
Milwaukee, WI 53202