

Emerging Business Enterprise Program

2010 Annual Report

Department of Public Works
City of Milwaukee

November 2011

EMERGING BUSINESS ENTERPRISE PROGRAM 2010 REPORT

The Department of Public Works requires Emerging Business Enterprise participation in almost all of its formal public works contracts. The rare exceptions are those projects where certified EBE firms are not available for the particular work involved. On occasion, specialized projects will require the services of non-EBE contractors headquartered outside the city or state.

Despite occasional individual exceptions, DPW makes every effort to average more than 18 percent EBE participation for its contract work overall. This occurs despite having a limited number of contracts every year that have either no EBE requirement or a requirement of less than the standard 18 percent. We do that by maximizing EBE opportunities on those contracts where EBE firms are available. Many of DPW's formal contracts carry EBE requirements of 20 percent or higher. As of the writing of this report, 103 contracts were closed, of which 64 of them had EBE requirements that ranged from 20 to 50 percent. The average EBE rates for 2008, 2009 and 2010 formal contracts were as follows:

Contract Year	Required EBE Rate	Achieved EBE Rate
2008	17.4%	24.6%
2009	18.5%	24.0%
2010	21.9%	26.3%

*These statistics were assembled from contracts closed on or before November 1, 2011 and may change to reflect the closure of subsequent contracts. Also, the Achieved EBE Rate was calculated based upon the *final cost* amount of each project

Typically the EBE office provides a running analysis of EBE performance which is valuable in terms of evaluating the overall compliance with the program but does not present the direct relationship between required and actual achievements on individual contracts.

A Table comparing Required EBE percentages and Actual EBE percentages for closed contracts is included as Exhibit A. This data allows for a direct performance assessment of each contractor. This table also illustrates that closed 2010 contracts are averaging an EBE requirement of about 21.9%. More importantly, the actual EBE performance rate, as opposed to the required rate, is about 26.3% based on the final cost.

As of August 10, 2009 the target rate for EBE participation was adjusted from 18% to 25%. As this 25% target rate is applicable to all current participants of the program, DPW contracts are achieving 1-3% higher EBE participation than is required by City Ordinance.

Not all contractors actually achieve the level of EBE participation established in their contracts. So far, nine (9) of the 2010 closed contracts have fallen short of their required EBE participation rates. Four (4) of these contracts fell short of their required EBE rates by 1% or less.

In all cases, the shortfalls were because the work in the field changed from original expectations as the project progressed. Virtually all sewer or water main relay contracts require pavement restoration. Typically this type of work is performed by EBE firms. Some of these relay projects precede a paving project. If the timing is such that the paving contract is occurring immediately after the underground work, then restoration is no longer needed.

As a result, less pavement is restored and the opportunity for an EBE is eliminated. Contractors cannot be held accountable for shortfalls that are beyond their control. In another instance, the prime contractor could not find any EBE firms to perform any work on the project. The EBE office was consulted to help us find any EBE firms to introduce to the prime and none were found.

As mentioned, nine (9) of the 2010 closed contracts have experienced shortfalls in EBE participation. Many of these shortfalls were due to modifications to the original contract after the EBE requirements had been determined. Despite some contractors failing to reach their target EBE rates, it should be noted that all of the 2010 closed contracts to date achieved a measurable quantity of EBE participation. In the event that a contractor cannot meet the EBE requirement without offering a sufficient explanation, DPW will issue an initial warning, with subsequent offenses resulting in possible debarment.

DPW's formal contracting activities account for the vast majority of the Department's contract expenditures. In 2010, DPW awarded \$64,429,032.71 in formal contracts and \$1,235,289.50 in professional service contracts. As of 2005, DPW's Contract Administration office has been composing monthly EBE reports that include summary statistics for service contracts as well as conventional contracts. An example of the Department's monthly EBE summary report is attached hereto as Exhibit B. The report can be found on the DPW website contracts page under "Monthly EBE Report" (http://www.mpw.net/services/bids_home). They are also regularly provided to the EBE office.

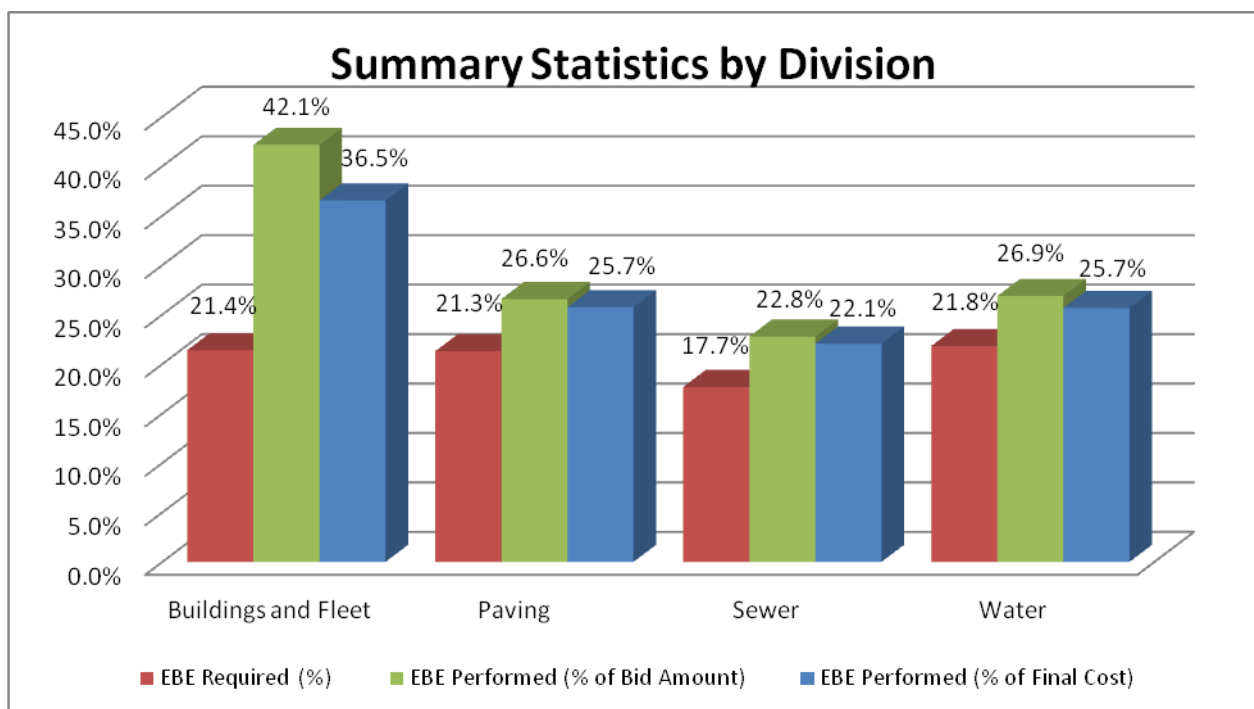
As of November, 2011, three of the four professional service contracts originating in 2010 remain open. Two of these open service contracts contain no EBE rate requirement. The remaining contract requires an EBE participation rate of 20%. Service contracts within all DPW Divisions typically show a lower rate of EBE participation because they include money spent to pay utility bills or other municipalities for service provided to the City. In some instances, an EBE opportunity is not possible. Consequently, the inclusion of these non-EBE service contracts results in a reduction of the average EBE rate.

Exhibit C illustrates the EBE requirements and performance for the closed 2010 contracts based on the type of project. The project types in this analysis include Buildings & Fleet, Paving, Sewer, and Water. The chart below indicates that each project category performed in excess of the 25% rate as required by City ordinance, except for the Sewer division, which fell short by 2.9%. Topping all other categories is Buildings and Fleet, with an EBE participation rate of 36.5%.

The Actual Final Cost column in Exhibit C also reveals that the Sewer projects are currently responsible for about \$29.4 million in closed contracts. This is followed by Paving with \$10.2 million, Buildings and Fleet with \$5.4 million, and Water with \$3.8 million in closed contracts for 2010.

EBE Performance

The chart below illustrates the amount of payments made to emerging business enterprises according to project category. The projects include contracts for Buildings and Fleet, Paving, Sewer and Water. EBE performance is measured in two ways. The percentage paid to Emerging Business Enterprises was calculated with respect to the original bid amount as well as the actual final cost. The rates for both categories are displayed below.

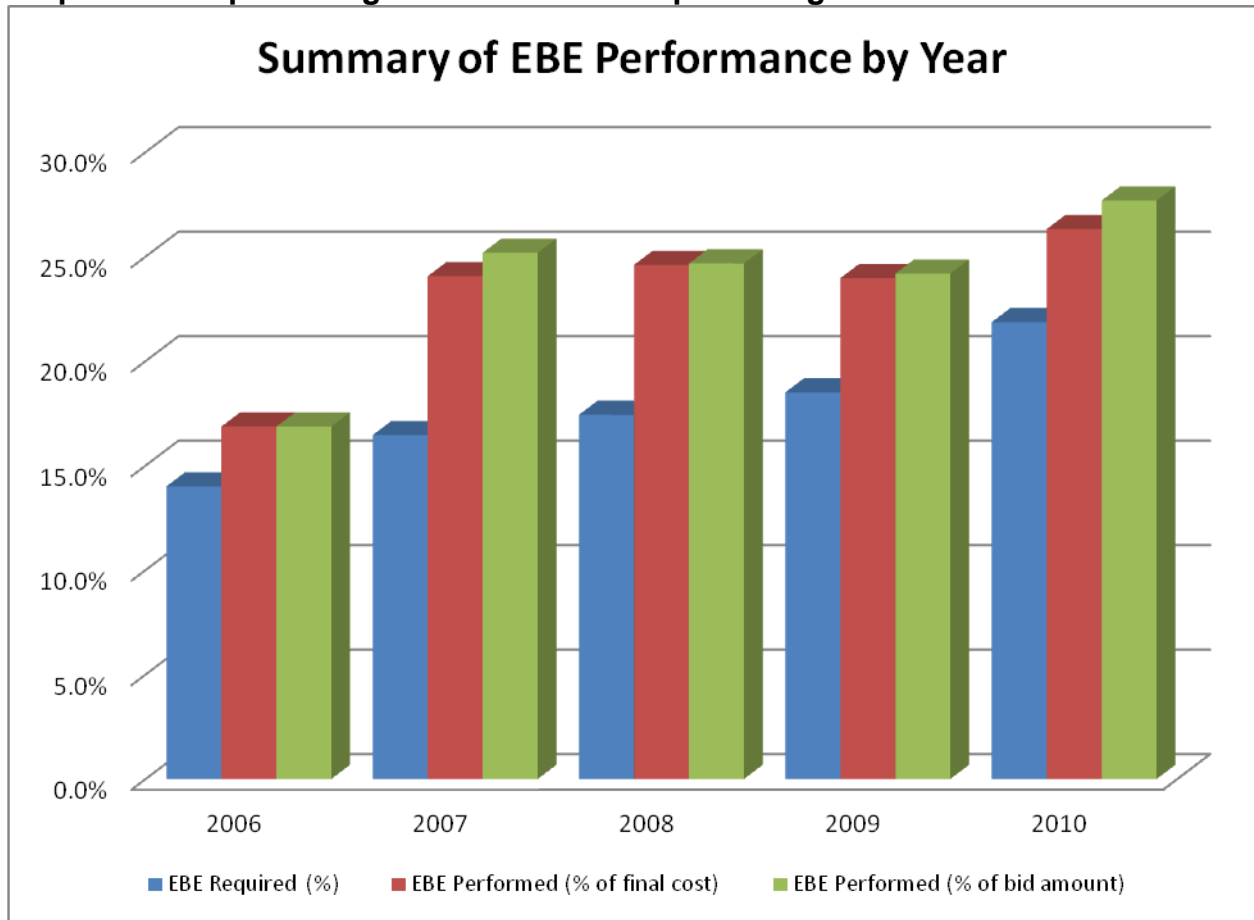


Each division surpassed the 25% threshold for EBE participation except for the Sewer division, which fell below the target participation rate by 2.9%. Buildings and Fleet projects achieved the highest rate of EBE participation for 2010 contracts closed—with a rate of 36.5%.

During 2010 DPW entered into formal contracts with nine (9) new prime contractors, Three (3) of which were EBE certified. As of November 2011, DPW has entered into contracts with 8 new prime contractors, none of which are EBE certified. A list of the new prime contractors for the last 3 years is attached as Exhibit D.

Exhibit A:

Required EBE percentages and Actual EBE percentages for closed contracts:



Required EBE percentages and Actual EBE percentages for closed contracts originating in 2010

NO.	CONTRACTOR	CONTR. NO.	TYPE OF PROJECT	DESCRIPTION OF PROJECT	EBE Required (%)	EBE Performed (% of final cost)
1	Northway Fence	C523100093	B&F	Tennis Court Reconstruction (Fencing)	25.0%	25.1%
2	Milwaukee General	C523100027	PAV	Street Reconstruction	25.0%	31.2%
3	Payne & Dolan	C523100024	PAV	Asphalt Paving	20.0%	27.6%
4	Milwaukee General	C523100081	PAV	Street Reconstruction	25.0%	26.2%
5	Milwaukee General	C523100018	PAV	Street Reconstruction	25.0%	24.8%
6	Payne & Dolan	C523100064	PAV	Asphalt Paving	25.0%	35.5%
7	Milwaukee General	C523100094	PAV	Alley Reconstruction	25.0%	25.1%
8	Stark Asphalt(ARRA funds, NoRes)	C523100039	PAV	Roadway Reconstruction	25.0%	25.3%
9	Stark Asphalt	C523100038	PAV	Roadway Reconstruction	20.0%	20.0%
10	Milwaukee General	C523100020	PAV	Alley Reconstruction	25.0%	17.7%
11	Snorek Construction	C523100029	PAV	Concrete Paving	25.0%	23.9%
12	Milwaukee General	C523100036	PAV	Alley Reconstruction	25.0%	28.2%
13	MJ Construction	C523100086	SEW	Combined Sewer Relay	23.0%	25.6%
14	MJ Construction	C523100005	SEW	Sanitary Sewer/Storm Lining	26.0%	34.6%
15	Globe Contractors	C523100072	SEW	Combined Sewer Main Relay	17.0%	26.6%
16	D.F. Tomasini Contractors	C523100085	SEW	Sanitary Sewer Main Relay	20.0%	20.2%
17	MJ Construction	C523100032	SEW	Sanitary, Storm, Combined & Lining	26.0%	26.2%
18	MJ Construction	C523100001	SEW	Combined Sewer Relay	20.0%	25.2%
19	MJ Construction	C641100014	WAT	Water Relays	22.0%	27.3%
20	MJ Construction	C641100008	WAT	Water Main Relay	20.0%	27.6%
21	Willkomm	C641100009	WAT	Main Water Relays	26.0%	34.1%
22	United Sewer & Water	C523100007	SEW	Main Water Relays	24.0%	24.4%
23	Underground Pipeline Construction	C523100015	SEW	Sanitary and Storm Relay and Lining	27.0%	38.7%
24	American Sewer Services	C641100011	WAT	Water Main Relay	17.0%	16.6%
25	Uihlein Electric	C523100041	PAV	Lighting Retrofit	10.0%	64.4%
26	Snorek Construction	C523100037	PAV	Asphalt Construction	25.0%	24.1%
27	Stark Asphalt	C523100017	PAV	Roadway Reconstruction	25.0%	26.8%
28	MJ Construction	C523100115	SEW	Sewer Main Relay and Sanitary Lining	17.0%	18.6%
29	C.W. Purpero	C523100058	SEW	Sewer Main Relay and Sanitary Lining	25.0%	31.7%
30	MJ Construction	C523100116	SEW	Sanitary Sewer Relay and lining	20.0%	20.9%
31	United Sewer & Water	C523100067	SEW	Sanitary Sewer Main Relay	27.0%	16.3%
32	Titan Building Co.	C523100026	B&F	Remodeling of Cameron Yard Building	25.0%	30.1%
33	Milwaukee General	C523100077	PAV	Construction of pavement, curb, walk, sodding	25.0%	26.1%
34	Globe Contractors	C523100091	SEW	Combined Sewer Main Relay	11.0%	14.8%
35	Musson Bros. Inc.	C523100004	SEW	Sanitary Sewer Main and Lateral Lining	5.0%	8.5%
36	Payne & Dolan	C523100092	PAV	Tennis Court Reconstruction - Alcott School	25.0%	54.6%
37	D.C. Burbach	C523100046	PAV	Sidewalk Replacement	25.0%	22.0%
38	Visu-Sewer Inc	C523100073	SEW	Sanitary Sewer Main Lining	12.0%	10.5%
39	C.W. Purpero	C523100016	SEW	Sanitary Sewer Relay and lining	27.0%	39.2%
40	Snorek Construction	C523100049	PAV	Construction of VT Asphalt Pavement...	25.0%	25.3%
41	Snorek Construction	C523100074	PAV	Construction of VT Asphalt Pavement...	25.0%	24.0%
42	Visu-Sewer Inc	C523100006	SEW	Combined Sewer Main Relay Lining	6.0%	9.6%
				2010 Average	21.9%	26.3%

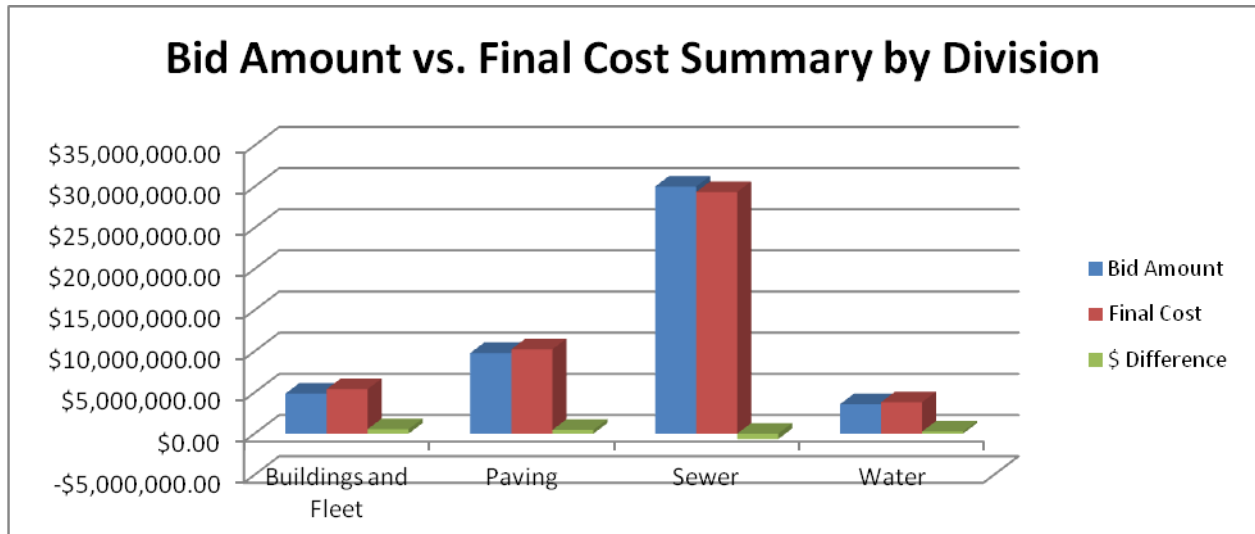
Exhibit B:

Monthly EBE Report

DEPARTMENT OF PUBLIC WORKS							
EBE REPORT FOR FORMAL CONTRACTS							
NOVEMBER				2010			
MONTHLY				YEAR TO DATE			
BUREAU	YEAR	FORMAL CONTRACTS			FORMAL CONTRACTS		
		TOTAL DOLLARS	EBE DOLLARS	EBE %	TOTAL DOLLARS	EBE DOLLARS	EBE %
	2009	\$ 2,899,297.89	\$665,927.48	22.97%	\$ 49,481,431.50	\$ 8,252,993.62	16.68%
INFR	2010	\$ -	\$ -	0.00%	\$ 41,554,336.35	\$11,003,009.51	26.48%
	2009	\$ 99,070.00	\$116,300.00	117.39%	\$ 5,278,759.00	\$ 1,262,591.00	23.92%
OPERATIONS	2010	\$ 187,260.00	\$ 64,250.00	34.31%	\$ 2,543,500.57	\$ 795,627.76	31.28%
	2009	\$ 917,392.00	\$144,266.00	15.73%	\$ 12,908,310.00	\$ 2,737,207.00	21.20%
WATER	2010	\$ 60,175.00	\$ 18,660.00	31.01%	\$ 15,731,519.21	\$ 3,681,250.45	23.40%
	2009	\$ -	\$ -	0.00%	\$ 680,466.00	\$ 274,945.00	40.41%
ADMIN	2010	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
FORMAL	2009	\$ 3,915,759.89	\$926,493.48	23.66%	\$ 68,348,966.50	\$12,527,736.62	18.33%
CONTS TOTAL	2010	\$ 247,435.00	\$ 82,910.00	33.51%	\$ 59,829,356.13	\$15,479,887.72	25.87%
PROF. SERV.	2009	\$ -	\$ -	0.00%	\$ 3,912,433.00	\$ 1,061,236.00	27.12%
CONTS TOTAL	2010	\$ -	\$ -	0.00%	\$ 4,900,000.00	\$ 1,007,052.00	20.55%
SERVICE	2009	\$ 293,229.00	\$ 43,624.00	14.88%	\$ 3,992,915.59	\$ 646,379.83	16.19%
ORDERS	2010			0.00%	\$ 3,724,208.14	\$ 487,631.65	13.09%
DPW	2009	\$ 4,208,988.89	\$970,117.48	23.05%	\$ 76,254,315.09	\$14,235,352.45	18.67%
TOTAL	2010	\$ 247,435.00	\$ 82,910.00	33.51%	\$ 68,453,564.27	\$16,974,571.37	24.80%

(http://www.mpw.net/services/bids_home)

Exhibit C: EBE Requirements and Performance for closed 2010 contracts



Division	Bid Amount	Final Cost	\$ Difference	% Difference
Buildings and Fleet	\$4,856,606.18	\$5,388,096.03	\$531,489.85	10.94%
Paving	\$9,787,050.00	\$10,237,528.89	\$450,478.89	4.60%
Sewer	\$30,009,518.87	\$29,350,923.64	\$658,595.23	-2.19%
Water	\$3,561,565.50	\$3,808,168.46	\$246,602.96	6.92%
All Closed Contracts	\$48,214,740.55	\$48,784,717.02	\$569,976.47	1.18%

Exhibit D: First-Time Prime Contractors 2009, 2010 & 2011

EBE Contractors

2009

1. Walsdorf Roofing Company, Inc.
2. Musson Brothers, Inc.
3. ASC Pumping Equipment, Inc.
4. **Alpha & Omega Consulting** EBE
5. Wilkom Excavating and Grading, Inc.
6. Mechanical Inc.
7. Earth Work Services
8. **Diva Plumbing, LLC** EBE

2010

1. **Lake Shore Mobil, Inc. DBA/ City Wide Towing** EBE
2. **Rodriguez Landscaping Company** EBE
3. Uihlein Electric Co., Inc.
4. Veit Environmental, Inc.
5. Edw. Kraemer & Sons, Inc.
6. Arrow Board Up, Inc.
7. Metropolitan Crane & Hoist Co., Inc.
8. **CableCom, LLC.** EBE
9. Straight Line Fence, LLC

2011

1. Anderson Landscape and Maintenance
2. Midwest Engineering
3. Milwaukee Concrete
4. Safeway Service (Emergency Contract)
5. Terracon Consultants
6. Ultra Mulch
7. Venture Electrical Contractors
8. Zander Solutions