

# Workforce Organizational Reform Committee (WORC) Final Recommendations

Community and Economic Development Committee

Tuesday, June 7, 2016



Prepared by: Legislative Reference Bureau

# Background

## Transfer of the OSBD

November 3, 2015:

- ▶ Common Council passed 2016 Budget Amendment 4, transferring the Office of Small Business Development to the City Clerk's Office.

November 12, 2015:

- ▶ Mayor vetoes 2016 Budget Amendment 4.

November 24, 2015:

- ▶ Veto not overridden on 9–6 vote (10–5 required).

# Background

## Creation of the WORC

November 24, 2015:

- ▶ OSBD transferred back into DOA.
- ▶ Workforce Organizational Reform Committee created by resolution (CCFN 151186).

# Workforce Organizational Reform Committee

## Responsibilities (per CCFN 151186)

1. Rationalize the Code (all programs), including:
  - ▶ Correction of errors
  - ▶ Removal of outdated provisions.
  - ▶ Verification of legality.
  - ▶ Clarification and standardization of administrative responsibilities.

# Workforce Organizational Reform Committee

## Responsibilities (per CCFN 151186)

2. Develop a plan for and ensure implementation of Comptroller's audits.

- ▶ 2014 Audit of Public Works Contract Administration.
- ▶ 2015 Audit of Resident Participation in Development Agreements.

# Workforce Organizational Reform Committee

## Responsibilities (per CCFN 151186)

3. Evaluate and improve the procedures and practices of the City's workforce development and economic participation initiatives.

- ▶ Including the SBE, LBE and RPP programs.
- ▶ In accordance with work timeline.

# Workforce Organizational Reform Committee

## Responsibilities (per CCFN 151186)

4. Regularizing and aligning the City's workforce development and economic participation initiatives, including the SBE, LBE and RPP programs.

Program	CURRENT			
	Residents Preference (DPW) s. 309-41	Residents Preference (Private) s. 355-7	Small Business Enterprise Ch. 370	Local Business Enterprise Ch. 365
<b>Effective</b>	July 1991	August 2009	January 2012	August 2009
<b>Last Major Revision</b>	March 2009	October 2011	May 2014	October 2011
<b>Pertains to:</b>	City/State/Federally-funded DPW construction contracts.	Projects receiving over \$1m in combined direct City financial assistance.	Utilization of small businesses on City contracts.	Awarding of City contracts to LBEs.
<b>Program Requirements or Standards</b>	40% of the worker hours performed by unemployed or underemployed city residents.	40% of the worker hours performed by unemployed or underemployed city residents.	1. Construction: 25% of total contract value. 2. Goods/services: 25%. 3. Professional services: 18%.	5% (\$25,000) preference given to local business enterprises.
<b>Exceptions</b>	Up to 1/3 of required worker hours may be achieved via workers on other projects.	Up to 1/3 of required worker hours may be achieved via workers on other projects.	N/A	N/A
<b>General Administration</b>	DPW	DCD, OSBD (DOA)	OSBD (DOA)	Purchasing Director (DOA)
<b>Reporting Entity</b>	DPW	DCD, OSBD (separate reports)	OSBD (DOA)	Purchasing Director (DOA)
<b>Reporting Frequency</b>	Annual	Annual	Unspecified	Annual
<b>Report Contents</b>	Various. See s. 309-41-5-a to i. (demographics not required).	Various. See s. 355-7-3-a to g (similar to DPW's RPP reporting).	Review SBE participation and submit report to mayor & Common Council.	None specified.
<b>Audit</b>	Independent annual audit every 3 years (Comptroller/accounting firm).	Independent annual audit every 3 years (Comptroller/accounting firm).	None required.	None required.
<b>Review of Goals / Program Continuance</b>	Annual (Oct. 1). DPW to prepare resolution regarding reappraisal/continuance of program.	Annual reappraisal (Oct 1), per s. 309-41-4.	OSBD (DOA) to annually review & adjust SBE percentage goal, with Common Council approval.	Common Council determines applicable % of bid award standards for LBEs every 2 years. Ordinance sunsets August 8, 2016.
<b>Contractor / Contracting Agency Reporting</b>	Quarterly to DPW or within 10 days of work completion.	Quarterly to OSBD (DOA) or within 10 days of work completion.	Quarterly to OSBD (DOA) (see s. 370-5-c, different than LBE requirements).	Quarterly to DOA (see s. 365-7-2, different than SBE requirements).
<b>Sanctions</b>	1. Withholding of payments. 2. Termination, suspension or cancellation of contract. 3. Denial of right to participate in future City contracts for 2 years.	1. Requirement that remedial efforts be undertaken. 2. Remedies available under any SBE, first-source or development agreement.	1. Withholding of payment. 2. Termination, suspension or cancellation of the contract. 3. Denial of right to participate in future City contracts for 1 year (1st violation) & 3 years (subsequent).	1. Withholding of payments. 2. Termination, suspension or cancellation of contract. 3. Denial of right to participate in future City contracts.
<b>Penalty</b>	\$1,000 to \$5,000	\$2,000 to \$5,000	\$2,000 to \$5,000	\$2,000 to \$5,000
<b>Enforcing Entity</b>	DPW	DOA	OSBD (DOA)	Contracting agency or Purchasing Director (DOA)



# WORC Recommendations



- ▶ WORC met 6 times.
- ▶ At final WORC meeting, recommended the following changes.

# RPP Eligibility Requirements

## Current

Residents are eligible if:

- ▶ Have not worked in the last **30 days**.  
-Or-
- ▶ Have worked less than 1,200 hours in the preceding 12 months.  
-Or-
- ▶ Household income at or below Federal poverty guidelines.

Qualification lasts 5 years.

## Proposed Change

- ▶ Reduces the unemployment duration to **15 days**.
- ▶ Removes the 5-year qualification term (residency to be verified every 3 years).

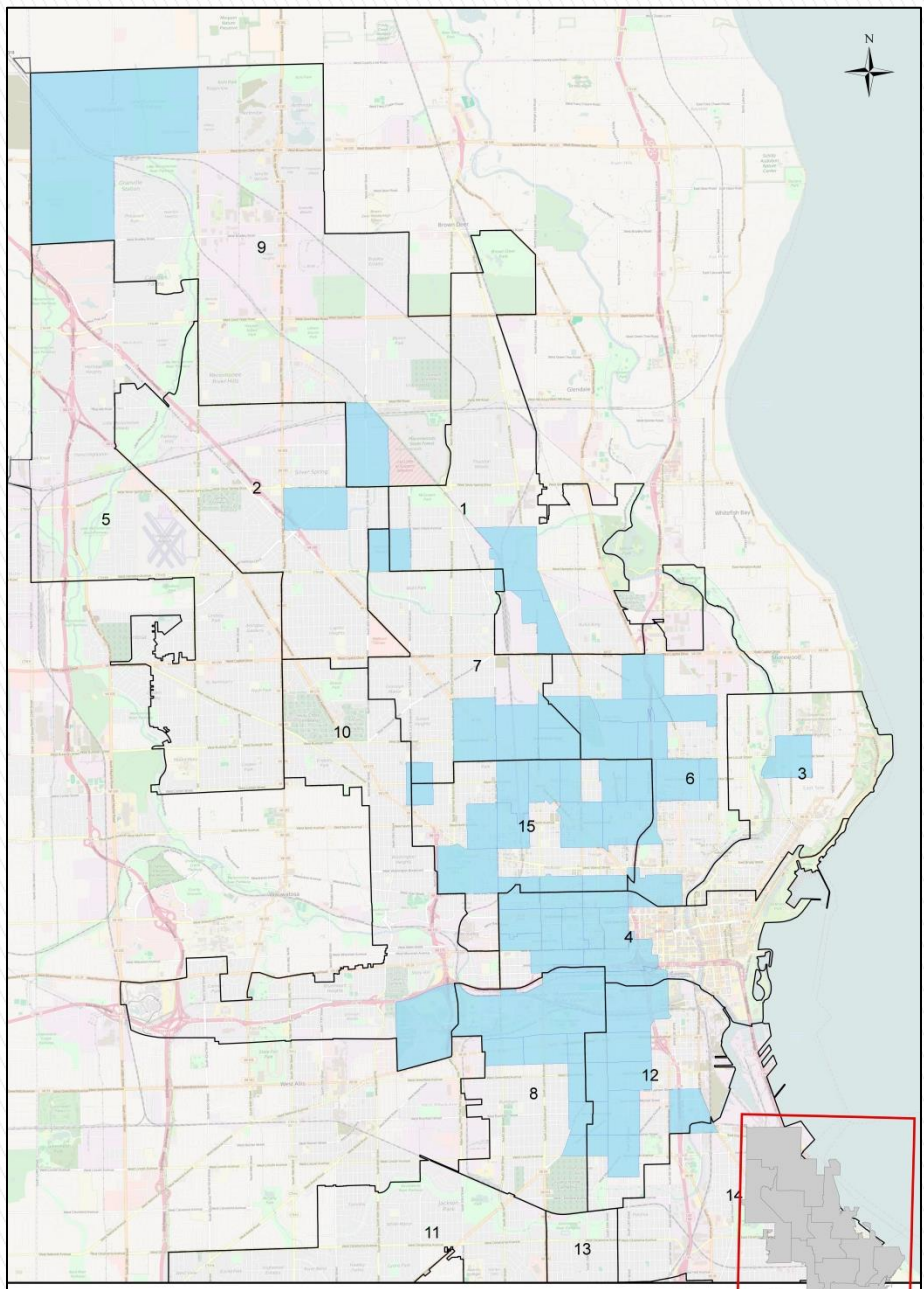
# Disadvantaged Areas

## Current

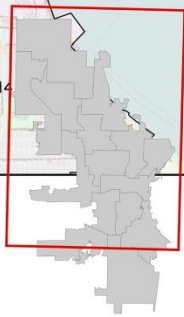
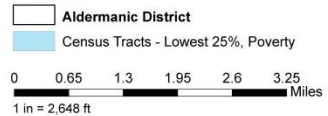
- ▶ The RPP program originally targeted residents of the CDBG area of the city only.
- ▶ Expanded city-wide in 2009.
- ▶ No current requirement to hire residents from disadvantaged areas of the city.

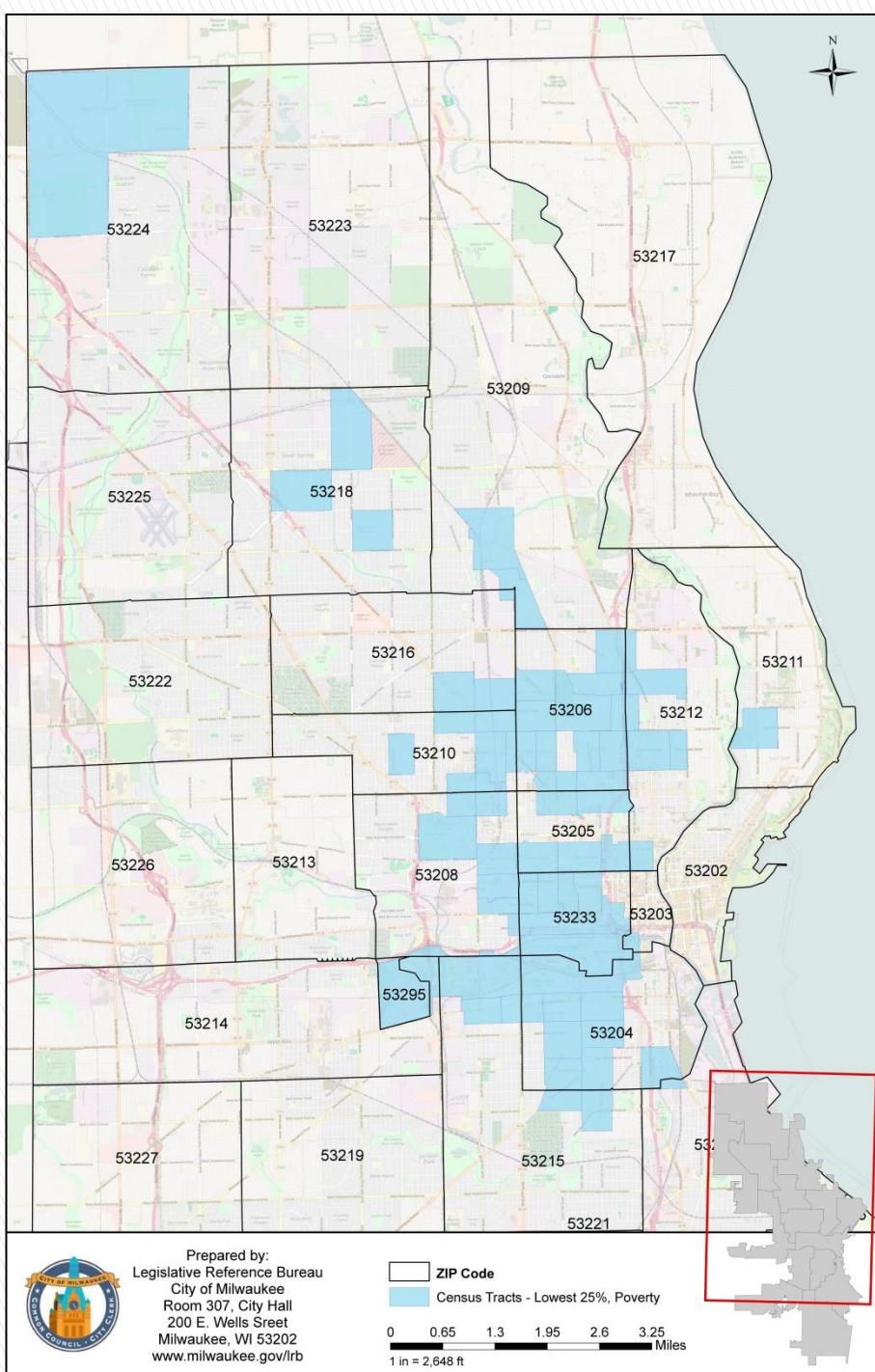
## Proposed Change

- ▶ One quarter of required RPP hours must come from workers in high poverty areas.



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ZIP Code  
 Census Tracts - Lowest 25%, Poverty

0 0.65 1.3 1.95 2.6 3.25  
 Miles  
 1 in = 2,648 ft

# Apprenticeship Requirements

## Current

- ▶ Apprentices are required for both City contracts and development agreements.
- ▶ Apprentices are not required to be RPP certified.

## Proposed Change

- ▶ One-quarter of apprentices required to be RPP qualified.
- ▶ Threshold for public works contracts set at \$500,000.
- ▶ 40% of RPP apprentices to be from impoverished census tracts.

# If 100 apprentices are required:



# Incentives

## Current

- ▶ No multiplier for exceeding specific requirements.

## Proposed Change

- ▶ Each hour above the required percentage for targeted groups (apprentices & impoverished areas) will count for **1.5 hours**.



# Incentives (continued)

## Current

- ▶ Local business enterprises receive a **5% bid preference**.
- ▶ Not to exceed \$25,000.

## Proposed Change

- ▶ **10% bid preference** for local businesses also certified as small business enterprise.
- ▶ Not to exceed \$30,000.

# Incentives (continued)

## Current

- ▶ Up to one-third of required worker hours may be achieved by hiring RPP workers on non-RPP projects or job categories.
- ▶ Must be proposed in an affidavit.

## Proposed Change

- ▶ Contractors & developers may hire residents to work on projects in certain other counties.
- ▶ To be referred to the RPP Review Commission for additional policy recommendations.

# RPP Review Commission

## Current

- ▶ RPP: DPW to prepare annually a resolution regarding reappraisal/continuance of the program.
- ▶ SBE: OSBD to annually review & adjust SBE percentage goal.
- ▶ LBE: Applicable award standard set every 2 years.

## Proposed Change

- ▶ Existing requirements remain.
- ▶ Formation of an advisory body to include public and private stakeholders.
- ▶ Annual report.

# Performance Reporting

## Current

- ▶ OSBD, DCD, DPW and the Purchasing Director all required to provide separate reports for the SBE, RPP, and LBE programs.

## Proposed Change

- ▶ Annual RPP report to be coordinated among OSBD, DCD, DPW and the RPP Review Commission.
- ▶ SBE & LBE reporting requirement remain separate.

# RPP Worker Information

## Current

- ▶ Records kept on RPP workers include basic information such as names and addresses

## Proposed Change

- ▶ DPW to maintain, and verify every 3 years in coordination with the workforce development coordinator, a list of qualified RPP workers.
- ▶ Including information relating to skills and sector-specific work experience.
- ▶ Contractor time reports to include information on race and gender.

# First-Source Employment Program

## Current

- ▶ A recipient of direct financial assistance shall require all of its contractors and subcontractors on a project to utilize the first-source employment program.

## Proposed Change

- ▶ To be administered by a City-designated agency (resolution forthcoming).
- ▶ To be referred to the RPP Review Commission for additional policy recommendations.

# Penalties

## Current

- ▶ \$1,000 to \$5,000 for city contracts.
- ▶ \$2,000 to \$5,000 for development agreements.

## Proposed Change

- ▶ \$2,000 to \$5,000 for both city contracts and development agreements.
- ▶ Idea of a “bonus fund” to be referred to the RPP Review Commission for additional policy recommendations.

# Local Business Enterprise Certification

## Current

- ▶ A business must own or lease real property within the geographical boundaries of the city of Milwaukee.

## Proposed Change

- ▶ The business may also **operate** in the city of Milwaukee.



# Definition:

“Disadvantaged with respect to business location”

## Current

- ▶ Means location within an enterprise zone within the city for a period of not less than one year

## Proposed Change

- ▶ Reflects that a portion of the city has received the designation of **“renewal community”** and not “enterprise zone”

