

## LRB – FISCAL REVIEW SECTION ANALYSIS

APRIL 23, 2002 AGENDA

COMMON COUNCIL MEETING

ITEM 8, FILE 011713

SUBSTITUTE 3

TERRI GABRIEL

File Number 011713 is a substitute resolution appropriating funds from the Common Council Contingent Fund to cover a shortfall related to Disadvantaged Business Enterprise certification and recertification fees.

### Background

1. The Joint Certification Program (JCP) certified disadvantaged business enterprises (DBEs) for the purposes of Chapter 360 of the Code of Ordinances and was operated by the City of Milwaukee, Milwaukee Public Schools, Milwaukee Metropolitan Sewerage District, and Milwaukee County.
2. The Joint Certification Program ended in December 2000 after several years of debate over costs and financing.
3. In January 2001, the City of Milwaukee implemented its own DBE certification program, which is administered by the Department of Administration's (DOA) Equal Opportunity Enterprise Program (EOEP).
4. As of February 22, 2002, 78 new businesses were certified through the City's program and 44 businesses previously certified by the Joint Certification Program renewed their DBE certification.
5. Common Council File Number 011505 reduces the DBE certification or recertification fee from a sliding scale rate, i.e., 0.2% of gross sales, for a minimum of \$50, and a maximum of \$2,400, to a flat fee of \$50.
6. Contingent Fund expenditure requests must meet one of the following criteria:
  - Emergency circumstances,
  - Obligatory circumstances,
  - Fiscal advantage or compliance with fiscal management principles.
7. Monies in the Contingent Fund may be expended only if approved by three-quarters of the Common Council.

### Discussion

This file authorizes the transfer of \$135,000 from the Common Council Contingent Fund to:

- cover the anticipated shortfall of \$50,000 in EOEP's 2002 budget due to the reduction of the certification fee to \$50; and

- pursuant to this resolution's directive, refund all certification and recertification fees paid, i.e., \$85,000, by DBE's under the sliding scale fee structure, less \$50.

### **Fiscal Impact**

1. The total amount of this resolution is \$135,000:
  - \$50,000 is to be transferred to a special account under the control of the Department of Administration to cover the shortfall in EOEP's 2002 Budget and
  - \$85,000 is reserved in the Common Council Contingent Fund to refund those DBEs previously certified.
2. On April 12, 2002, the 2002 Common Council Contingent Fund had a balance of \$4,977,853. If this resolution is approved, a balance of \$4,842,853 will remain.

cc: Marianne Walsh  
Laura Engan  
W. Martin Morics  
Rhonda Kelsey

Prepared by Terri Gabriel  
Fiscal Review Analyst - Senior  
LRB – Fiscal Review Section  
414-286-8532