



Department of Public Works

Jeffrey J. Mantes
Commissioner of Public Works

James P. Purko
Director of Operations

October 10, 2005

To the Honorable, the Common Council

Dear Honorable Members:

Section 309-41 of the Milwaukee Code of Ordinances established the Residents Preference Program for contract work on City infrastructure. Furthermore, subsection 309-41(4) provides for an annual review of the program.

Enclosed are ten (10) copies of the annual report for 2004. This report summarizes the Department of Public Works' performance administering the Residents Preference Program. The report also compares Resident Preference results in 2004 with previous years' performance.

Please introduce this communication at the Common Council meeting of October 18th. If you have any questions, feel free to contact Tom Miller at extension 3304.

Very truly yours,



Jeffrey J. Mantes
Commissioner of Public Works

JJM:THM:ph

Enclosures

c: Ald. Willie Hines, Common Council President (w/ encl.)
Ald. Joe Davis, Chair, Community & Economic Development Comm. (w/ encl.)

DEPARTMENT OF PUBLIC WORKS

ANNUAL REPORT

for the

CITY OF MILWAUKEE

RESIDENTS' PREFERENCE PROGRAM

October 2005

SUMMARY STATEMENT

Section 309-41 of the Milwaukee Code of Ordinances requires that the Department of Public Works (DPW) submit an annual report to the Common Council summarizing the results of the previous year's Resident Preference Program activities.

The Resident Preference Program began in 1991. It mandates that a set percentage of all labor hours worked on Department of Public Works' formal public improvement contracts be performed by residents of a designated area of the city. The designated target district corresponds to the City's Community Development Block Grant Area. Since 1991, steady progress has been made employing target area residents on Public Works projects. From a modest start of 14.6% of the total hours worked on DPW contracts during the last quarter of 1991, target resident participation has grown to 31.5% for those 2004 DPW contracts fully closed out to date. Target resident participation in DPW contracts has more than doubled since the program's inception.

The following pages contain summary data covering the life of the Residents Preference Program. As this information illustrates, the Department of Public Works has, in the aggregate, always exceeded required participation levels. The required minimum percentage has been increased twice since the beginning of the program, starting at 14% in 1991 and rising to the current 25% in 1997.

The following pages also contain historical information regarding the certification of resident workers. The data shows that new people are regularly being added to the list of eligible participants. This demonstrates that the program is not static but rather achieves one of its primary objectives, that being the constant turnover of participants.

DPW has always partnered with community agencies to assist contractors in finding qualified resident workers. Initially the Central City Workers' Center performed this service. When it disbanded, Esperanza Unida stepped in. In 2003, the Milwaukee Urban League joined Esperanza Unida in providing resident certification services for the community. Late in 2004, Big Step Inc. also began providing resident certification services.

This year for the first time, DPW has tabulated the contract dollars flowing to target area residents as a percentage of the total wages paid on a project. In the past, wages paid to target area residents were shown in comparison to the total cost of the project. When viewed this way, it generally appeared that the overall amount of wages going to target residents was disproportionately low. That's because the cost of a typical contract includes more than just wages. Contract amounts also include the cost of materials, overhead, and profit. For 2004 closed contracts, wages paid to target residents equaled 28.8% of total wages paid. This is just slightly less than the 31.5% of total contract hours worked by target residents. This suggests that target residents may have been more concentrated in lower paying jobs than their non-target colleagues. But even

if true, this situation does not appear to be overly significant given the relatively close relationship between hours worked (31.5% of the total) and wages received (28.8% of the total).

2004 RESIDENT PREFERENCE PROGRAM SUMMARY DATA

Department of Public Works Contracts

2004 Formal Construction Contracts	143
2004 Contracts Closed as of 9/30/05	69 ¹
Overall Resident Participation in Contracts w/ RPP Requirement	31.5%
2004 Contracts with <25% Resident Requirement	10
2004 Closed Contracts with Actual Performance <25%	21 ²
2004 Closed Contracts with Actual Performance >30%	32
Total Value of 2004 Formal Construction Contracts	\$ 131,252,449
Total Contract Value with <25% RPP Requirement	\$ 21,950,226 ³
% Contract Dollars with <25% Resident Requirement	16.7%

Resident Participation Summary

<u>Year</u>	<u>Required %</u>	<u>Actual %</u>	<u>Total Contracts</u>	<u>Contracts Closed</u>
1991	14%	14.6%	26	26
1992	14%	18.5%	210	210
1993	21%	21.3%	179	179
1994	21%	22.3%	197	197
1995	21%	25.4%	190	190
1996	21%	22.8%	190	190
1997	25%	26.2%	186	186
1998	25%	27.5%	187	187
1999	25%	27.6%	147	147
2000	25%	30.4%	127	127
2001	25%	26.1%	119	117
2002	25%	28.9%	136	132
2003	25%	27.7%	144	118
2004	25%	31.5%	143	69

¹ Includes the 10 contracts for which there was no RPP requirement.

² Includes the 10 contracts for which there was no RPP requirement.

³ 97.4% of this amount went to State funded contracts for which the City was prohibited from imposing RPP requirements.

Certification of Resident Workers

Total Resident Workers Certified through 9/30/05	2,159
Total Resident Workers Eligible as of 9/30/05	1,965

New Resident Workers Certified by Year

<u>Year</u>	<u>Number</u>
1997	161
1998	205
1999	161
2000	136
2001	107
2002	112
2003	205
2004	202
2005 (thru 9/30/05)	125

If the current rate of new certifications holds for the remainder of the year, the total number of certifications this year will end up roughly 20% lower than during the past couple of years. But the number is still likely to be larger than for the first three years of this decade. The optimistic interpretation would be that the economy is improving and there are fewer unemployed residents of the target area in need of work.

CONTRACTS REQUIRING LESS THAN 25% RESIDENT PARTICIPATION

In 2004 there were 143 formal construction contracts entered into by the Department of Public Works. Ten of these formal contracts had resident participation requirements of less than 25%. In each case, the decision to reduce the normal resident participation requirement was either imposed upon the Department or was made after discussions with the Department's contracting division concerning the type and exact method of construction involved in the project. Whenever the resident participation requirement was set below 25%, it was done so for one or more of the following reasons.

1. The work involved was highly specialized requiring skills and experience not represented on the list of eligible workers and not likely to be found in the population of such potential workers. An example of this situation was the contract for water main joint rehabilitation. Experienced technical workers were required.
2. The contract was primarily for the purchase of equipment or materials. In either of these situations, the contract would result in relatively few, if any, labor hours. For instance, the Department awarded a contract to PDM Bridge for structural steel to be used in the new bridges to be constructed as part of the Canal Street project.
3. No local contractors performed the type of work required meaning that the contractor selected to perform the work would not be from this area. An example is the Department's annual contract for seal coating various city streets. A new method of seal coating has been used in recent years. This method is only performed by contractors located outside the Milwaukee area. Unique equipment and specially trained personnel are required to undertake the seal coat operation. There is no potential for local, newly hired employees to work on this contract.
4. The project was funded either totally or in large part from a source other than the City. When non-City grant funds are used for public improvements, the grantor generally prohibits the City from imposing economic development requirements that exceed the standards and requirements of the grantor. For example, the City received a State grant to undertake streetscaping work on Wisconsin Avenue. The State does not have a resident participation program and would not let the Department impose its program while utilizing grant funds. This category represents the largest dollar value of exceptions to the Department's normal resident participation standards. In 2004, projects with a total contract value of \$21,373,198 were not subject to the resident participation program because they were grant funded. This represents 97.4% of the overall value of those contracts for which the normal requirements were not imposed. If the Department had not been restricted by grant regulations, less than 1% of the contract dollars awarded in 2003 would have been exempt from the 25% resident participation requirement.

JOB CLASSIFICATIONS OF RESIDENT WORKERS – 2004

For the fifty nine (59) 2004 contracts that were closed out as of 9/30/05, the following jobs were filled by participants in the Residents Preference Program¹.

<u>Job Classifications</u>	<u>Number of Contract Jobs</u>	
Bituminous Lute Man	7	
Bituminous Utility Man	14	
Bottom Man	20	
Carpenter	1	
Cement Finisher	3	
Electrician	2	
Fence Builder	2	
Finisher	4	
Flager	1	
Form Setter	4	
Iron Worker	1	
Laborer	165	
Landscaper	10	
Loader Operator	3	
Mason	30	
Operating Engineer	24	
Overhead Door Installer	2	
Pipe Layer	2	
Raker	1	
Roofer	12	
Sheet Metal Worker	2	
Steamfitter	8	
Top Man	95	
Truck Driver	97	
Total:	24 Classifications	510 Contract Jobs

¹ In 2004 there were a total of 143 contracts let by the Department of Public Works. The numbers shown on this exhibit necessarily do not include jobs associated with the 84 contracts still open as of 9/30/05.

UNEMPLOYMENT DATA
(Comparison of 2004 and 2005 rates)

	<u>July 2004</u>	<u>August 2005</u>
United States	5.5%	4.9%
State of Wisconsin	4.7%	4.6%
Metro Milwaukee Area	5.0%	4.8%
City of Milwaukee	8.7%	7.1%
CDBG Area ¹	20.1%	16.4%

¹ Block Grant Area unemployment numbers are estimates based upon the relationship between Citywide and CDBG Area rates in 2000. The 2000 census was the last time the actual unemployment rate for the Block Grant Area was measured.

SUMMARY OF TARGET AREA HOURS WORKED ON RESIDENCE PREFERENCE PROGRAM CONTRACTS FOR [PW - 2004

CONTRACTOR	CONTR. NO.	TARGET AREA RES.		% OF TARGET RES.		TOTAL MILW. RES.		% OF MILW. RES.		TOTAL NON-RES. HOURS		% OF NON-RES. HOURS		TOTAL CONTRACT AMOUNT		TOTAL LABOR DOLLARS PAID		TARGET AREA DOLLARS PAID	
		HOURS	RES.	HOURS	RES.	HOURS	RES.	HOURS	RES.	HOURS	RES.	HOURS	RES.	AMOUNT	DOLLARS	PAID	DOLLARS	PAID	
PIEPER ELECTRIC	C040003	9.00		8.1%		36.00		32.3%		75.50		67.7%		\$71,875	\$4,650	\$362			
M.J. CONSTRUCTION	C040004	456.50		24.6%		774.50		41.8%		1,080.75		58.3%		\$280,559	\$64,432	\$15,689			
M.J. CONSTRUCTION	C040005	371.50		28.5%		542.25		41.7%		759.50		58.3%		\$178,935	\$45,453	\$12,488			
M.J. CONSTRUCTION	C040006	988.00		30.0%		1,336.00		40.6%		1,955.50		59.4%		\$398,103	\$112,348	\$30,128			
PAYNE & DOLAN INC.	C040007	691.75		44.4%		1,124.50		72.1%		434.25		27.9%		\$125,581	\$56,750	\$22,976			
C.W. PURPERO	C040012	1,380.00		28.6%		2,251.50		46.6%		2,580.00		53.4%		\$337,334	\$157,722	\$41,923			
UNITED SEWER & WATER	C040014	263.75		24.4%		305.00		28.2%		776.50		71.8%		\$112,303	\$37,716	\$8,630			
UNITED SEWER & WATER	C040015	928.25		27.3%		984.00		29.0%		2,412.25		71.0%		\$475,266	\$120,961	\$30,286			
AMERICAN SEWER SERVICES	C040017	692.75		44.6%		736.75		47.4%		816.00		52.6%		\$223,894	\$55,926	\$25,160			
M.J. CONSTRUCTION	C040018	1,801.00		30.5%		2,745.50		46.5%		3,153.50		53.5%		\$897,995	\$205,688	\$59,117			
M.J. CONSTRUCTION	C040019	896.75		27.1%		1,534.25		46.3%		1,776.25		53.7%		\$312,158	\$118,372	\$30,783			
UNITED SEWER & WATER	C040020	899.00		27.0%		1,188.75		35.7%		2,145.75		64.3%		\$584,330	\$116,738	\$29,400			
M.J. CONSTRUCTION	C040021	1,884.00		33.9%		2,527.00		45.5%		2,963.75		53.4%		\$533,866	\$197,014	\$65,515			
MARED MECHANICAL	C040023	602.00		31.7%		974.50		51.3%		925.50		48.7%		\$187,800	\$74,759	\$19,728			
SULLIVAN ROOFING	C040024	660.50		27.7%		827.75		34.7%		1,559.50		65.3%		\$253,000	\$85,325	\$20,597			
MILWAUKEE GENERAL	C040026	677.75		36.5%		1,105.10		59.4%		754.25		40.6%		\$175,382	\$60,495	\$20,793			
SNOREK CONSTRUCTION	C040027	424.25		50.7%		584.75		69.9%		251.25		30.1%		\$95,494	\$27,593	\$14,363			
SNOREK CONSTRUCTION	C040028	957.00		35.4%		1,356.25		50.1%		1,349.75		49.9%		\$288,654	\$191,098	\$30,924			
DORAL CORPORATION	C040031	338.00		17.5%		571.75		29.5%		1,365.00		70.5%		\$268,325	\$70,892	\$12,011			
M.J. CONSTRUCTION	C040032	2,004.25		46.0%		2,440.25		56.0%		1,915.75		44.0%		\$584,400	\$168,828	\$80,115			
AMERICAN SEWER SERVICES	C040033	1,059.00		40.1%		1,500.75		56.8%		1,143.25		43.2%		\$335,425	\$96,811	\$37,246			
SNOREK CONSTRUCTION	C040034	678.50		50.7%		958.00		71.5%		381.00		28.5%		\$145,479	\$43,648	\$22,285			
LALONDE CONSTRUCTION	C040035	329.25		35.3%		541.25		58.0%		392.50		42.0%		\$77,615	\$29,709	\$9,165			
NORTHWAY FENCE	C040036	36.00		53.3%		36.00		53.3%		31.50		46.7%		\$4,204	\$4,204	\$1,511			
AMERICAN SEWER SERVICES	C040037	222.00		39.1%		238.00		41.9%		330.50		58.1%		\$64,820	\$21,699	\$7,994			
LALONDE CONSTRUCTION	C040039	363.00		28.6%		715.50		56.3%		555.25		43.7%		\$155,674	\$41,444	\$11,265			
M.J. CONSTRUCTION	C040041	831.00		28.9%		1,290.50		44.8%		1,589.00		55.2%		\$538,420	\$104,814	\$29,246			
SUPER EXCAVATORS	C040042	1,284.00		29.5%		1,443.75		33.2%		2,906.50		66.8%		\$1,843,375	\$165,859	\$43,943			
LALONDE CONSTRUCTION	C040043	1,169.75		42.2%		1,756.75		63.3%		1,018.00		36.7%		\$254,811	\$91,711	\$36,009			
MARED MECHANICAL	C040045	164.00		19.7%		621.50		74.5%		212.50		25.5%		\$94,300	\$34,146	\$4,727			

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		HOURS	RES.	HOURS	RES.	HOURS	RES.	HOURS	RES.	HOURS	RES.	HOURS	RES.	AMOUNT	DOLLARS	PAID	DOLLARS	PAID	
J.&A. POHL	C040046	256.50		40.2%		284.25		44.6%		353.75		55.4%		\$55,394	\$23,978	\$9,056			
MILWAUKEE GENERAL	C040047	146.75		31.4%		250.50		53.7%		216.25		46.3%		\$54,877	\$15,660	\$4,603			
BRADEN CORPORATION	C040049	46.00		24.0%		56.00		29.2%		135.50		70.8%		\$29,625	\$6,602	\$1,434			
M.J. CONSTRUCTION	C040051	460.00		26.6%		720.75		41.7%		1,006.50		58.3%		\$281,751	\$62,451	\$16,357			
AMERICAN SEWER SERVICES	C040052	114.50		53.4%		122.50		57.1%		92.00		42.9%		\$56,596	\$7,858	\$4,099			
SPIVEY'S	C040053	531.00		42.5%		1,248.50		100.0%		0.00		0.0%		\$12,485	\$12,485	\$5,310			
J.P. LANDSCAPING	C040055	405.00		89.7%		451.75		100.0%		0.00		0.0%		\$3,379	\$3,379	\$3,027			
BUTTERS FETTING	C040056	369.00		7.6%		1,185.50		24.5%		3,649.00		75.5%		\$802,700	\$180,739	\$15,211			
ARROW-CRETE	C040057	352.50		24.9%		467.50		33.0%		949.50		67.0%		\$95,420	\$50,111	\$11,015			
MILWAUKEE GENERAL	C040059	381.00		32.9%		613.25		52.9%		546.50		47.1%		\$125,052	\$38,798	\$11,631			
WESTERN WATERPROOFING	C040060	269.10		8.7%		659.10		21.2%		2,446.75		78.8%		\$219,280	\$117,404	\$8,681			
M.J. CONSTRUCTION	C040063	433.50		22.2%		987.00		50.5%		967.75		49.5%		\$621,553	\$63,907	\$15,479			
MILWAUKEE GENERAL	C040068	353.00		37.5%		473.25		50.3%		468.25		49.7%		\$85,571	\$30,774	\$10,793			
PETROLIUM EQUIPMENT	C040070	385.50		52.5%		395.50		53.9%		338.50		46.1%		\$124,910	\$27,632	\$13,813			
AMERICAN SEWER SERVICES	C040074	1,122.50		43.3%		1,374.50		53.0%		1,220.50		47.0%		\$494,532	\$92,924	\$39,771			
M.J. CONSTRUCTION	C040076	608.75		32.2%		924.00		48.9%		964.75		51.1%		\$298,960	\$68,163	\$20,614			
WM. BEAUDOIN & SONS	C040080	269.75		24.6%		439.75		40.1%		658.00		59.9%		\$145,522	\$40,183	\$8,959			
LALONDE CONSTRUCTION	C040083	820.00		52.7%		1,171.25		75.3%		384.75		24.7%		\$192,630	\$52,007	\$26,078			
VISU-SEWER CLEAN & SEAL	C040087	54.00		23.8%		59.50		26.2%		167.75		73.8%		\$81,239	\$8,988	\$1,790			
NORTHWAY FENCE	C040088	39.00		26.7%		39.00		26.7%		107.25		73.3%		\$31,500	\$4,679	\$1,272			
VISU-SEWER CLEAN & SEAL	C040091	584.00		45.8%		937.50		73.4%		339.00		26.6%		\$237,487	\$46,594	\$19,490			
PETROLIUM EQUIPMENT	C040097	187.00		49.0%		308.50		80.8%		73.50		19.2%		\$12,680	\$5,047	\$2,547			
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M.J. CONSTRUCTION	C040104	1,726.50		30.7%		2,468.75		43.9%		3,152.50		56.1%		\$912,735	\$206,052	\$59,823			
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CUDAHY ROOFING	C040108	756.00		27.3%		1,019.00		36.8%		1,753.00		63.2%		\$263,870	\$88,447	\$20,169			
PIEPER ELECTRIC	C040110	128.00		25.4%		128.00		25.4%		375.50		74.6%		\$348,270	\$19,604	\$5,568			
SNOREK CONSTRUCTION	C040117	459.50		47.0%		649.25		66.4%		328.25		33.6%		\$133,126	\$32,361	\$15,358			
BLUMELS	C040119	140.25		35.3%		334.50		84.2%		63.00		15.8%		\$56,860	\$7,741	\$3,344			
J.F. COOK COMPANY	C040137	24.00		21.5%		29.00		26.0%		82.75		74.0%		\$14,720	\$3,762	\$806			
J.F. COOK COMPANY	C040138	32.50		18.2%		32.50		18.2%		146.50		81.8%		\$85,429	\$5,860	\$935			

