

2012

Residents Preference Program



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Department of Public Works

2012 RESIDENT PREFERENCE PROGRAM REPORT

Executive Summary:

Section 309-41 of the Milwaukee Code of Ordinances requires that the Department of Public Works submit an Annual Report to the Common Council summarizing the results of the previous year's Residents Preference Program (RPP) activities.

The ordinance required that 25% of worker hours be performed by unemployed residents of the special impact area except in special cases where the Commissioner of Public Works determines there is sufficient reason to impose lesser levels of participation. The designated target area district corresponds to the City's Community Development Block Grant Area.

In August of 2009 the ordinance was changed and the (RPP) requirements were increased from 25% to 40%. Contracts initiated on or after August 10, 2009 currently require 40% of worker hours consist of unemployed or underemployed residents. In addition, the special impact area has been expanded from the Community Development Block Grant Area to encompass the entire area of the City of Milwaukee.

In cases where the Department of Public Works does not require any resident worker participation usually involve specialty projects involving unique products or services. The participation criterion may also be waived when funding sources, such as the Wisconsin Department of Transportation, prevent the City of Milwaukee from imposing the (RPP) requirement. A more detailed explanation is included in this report in a section titled *Contracts Requiring less than 25% Residence Participation*.

This report contains several exhibits each illustrating a certain aspect of the program's performance.

EXHIBIT (A)

Is a summary compliance report for the eighty-seven (87) contracts closed in 2012. In total seventy-seven (77) contracts are in compliance with RPP compliance requirements, nine (9) fell short and one (1) was considered exempt from any RPP compliance requirements.

25% RPP REQUIRMENT:

In total seven (7) contracts were initiated before August 10, 2009 and had a RPP compliance requirement of 25%. All seven (7) contracts are in good standings and have exceeded the RPP compliance requirement of 25%.

40% RPP REQUIRMENT:

In total eighty (80) contracts were initiated on or after August 10, 2009 and had a RPP compliance requirement of 40%. Nine (9) contracts fell short of the 40% RPP compliance requirement. Two (2) fell short by less than 5% and 7 fell short by greater than 5%.

NONCOMPLIANCE DATA:

RESIDENTS PREFERENCE PROGRAM NONCOMPLIANCE					
CONTRACTOR	CONTRACT NUMBER	TYPE	REQUIRED RPP (%)	ACHIEVED RPP (%)	SHORTFALL (%)
Mared Mechanical	C523110094	B&F	40%	18.9%	21.11%
Walsdorf Roofing Company	C641120098	B&F	40%	19.2%	20.77%
Zander Solutions	C514110019	PAV	40%	28.6%	11.37%
Bluemel's	C523100109	B&F	40%	31.6%	8.38%
United Flooring	C523120011	B&F	40%	32.6%	7.39%
Arteaga Construction	C523120085	B&F	40%	32.8%	7.18%
Willkomm Excavating	C641100066	WAT	40%	33.8%	6.16%
Zander Solutions	C514110052	B&F	40%	35.5%	4.51%
C.W. Purpero	C523100057	PAV	40%	35.7%	4.28%

- ❖ Zander Solutions fell short of the 40% RPP compliance requirement on two (2) occasions registering actual RPP (%) of 28.6% and 35.5%.
- ❖ Contracts not in compliance with RPP requirements consist of 10.5% of the total contracts closed in 2012.
- ❖ Contracts in compliance consist of 89.5% of the total contracts closed in 2012.

EXHIBIT (B)

Is a summary of the formal contracts and actual RPP (%) by year for the last four (4) years. Exhibit (B) demonstrates that since 2008 Department of Public Works contracts have met or exceeded required RPP compliance requirements.

(%) OF FORMAL CONTRACTS CLOSED

2008	2009	2010	2011	2012
82.9%	92.5%	75.6%	57.7%	25.6%

TARGET (%)

2008	2009	2010	2011	2012
30.7%	33.2%	44.4%	44.0%	50.2%

EXHIBIT (1C)

Is an overall summary of 2012 RPP (%) and a comparison of the total labor (\$) paid and Target Area (\$) paid by division. The exhibit also illustrates the (%) of Target, Non-Target Milwaukee Resident and Non-Resident hours by division and 2012. RPP (%) for each division are currently exceeding the 40% RPP compliance requirement and RPP (%) overall for 2012 are averaging 45.7%.

(%) TARGET RESIDENT HOURS (Based on (87) closed contracts)*

B&F	PAV	SEW	WAT
40.9%	48.1%	47.0%	43.4%

EXHIBIT (2C)

Is a summary of labor (\$) paid and the number of Target, Non-Target Resident and Non-Resident hours. The exhibit allows for a direct comparison of (\$) allocated and labor hours performed by Target, Non-Target Resident, and Non-Resident laborers.

The exhibit illustrates that Non-Resident labor hours and (\$) paid comprise the largest portion of total labor (\$) allocated and the total number of labor hours worked. For the purpose of comparison the addition of Non-Target Resident hours to Target Resident hours produces more favorable results with 105,169.12 total labor hours worked by Milwaukee Residents and 102,887.08 labor hours worked by Non-Milwaukee Residents. The addition of Non-Target Resident hours demonstrates that Milwaukee Residents currently work more than 50% of labor hours and are allocated more than 50% of the labor (\$) paid.

EXHIBIT (D)

Is a summary of annual labor costs, percentage (%) of average Target labor hours and the percentage (%) of closed contracts by year. The exhibit details annual labor costs and allows for a direct comparison of Target Resident labor hours with total labor (\$) and Target labor (\$) paid.

Annual percentages (%) and (\$) values are based on a total of 463 contracts closed from 2008 to the present date. At the time of this report a total of \$202,915,196.66 has been allocated to formal Department of Public Works contracts with \$47,607,281.16 going to general labor costs and \$16,844,098.49 or 35.4% of labor (\$) going to Target Residents.

EXHIBIT (E)

The exhibit provides a breakdown of 2012 labor hours and approximate (\$) paid by race and gender. The table and graphs allow for a direct comparison of labor (\$) and hours by both race, and gender.

EXHIBIT (F)

The exhibit provides data on the performance of the Department of Public Works 2012 Apprentice Program.

EXHIBIT (G)

The exhibit provides data on the number of verified Milwaukee laborers by year.

CITY OF MILWAUKEE CONTRACTS REQUIRING (<) 25% (RPP)

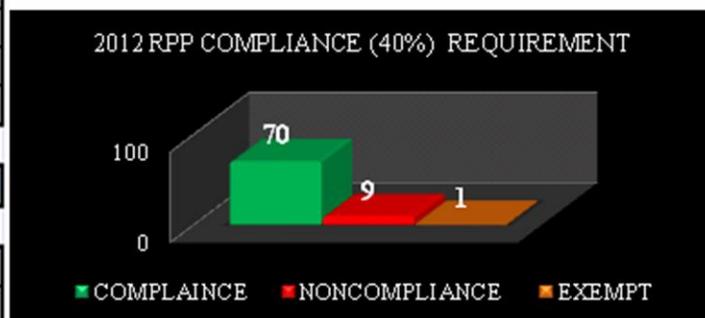
In 2012, there were 125 formal construction contracts entered into by the Department of Public Works. One (1) of these formal contracts had no resident participation requirements. In each case, the decision to not require normal resident participation requirement was made after discussions with the contracting division concerning the type and exact method of construction involved in the project. Decision to lower or eliminate the participation requirements is based on one or more of the following factors:

1. The work involved was highly specialized requiring skills and experience not possessed by the list of eligible resident workers and not likely to be found in the population of potential target resident workers. An example of this situation was the selection of a contractor to replace the tank liner at the Linnwood Purification Plant, or to provide elevator maintenance at various City facilities. Experienced workers were required.
2. The contract was primarily for the purchase of equipment that could be installed by a small number of workers with specialized skills. For instance, most of the cost associated with a new vehicle lift at the Central Repair Garage was for equipment purchase with minimal expenditures related to labor.
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 was the Department's contract for seal coating various city streets. Similar to 2005, in 2007 a newer method of seal coating was selected for this work. The new method was only being performed by contractors located outside the Milwaukee area. Unique equipment and specially trained personnel were required to perform the seal coating.
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 social requirements that exceed the standards and requirements of the grantor. Examples of this would include all contracts funded by the American Recovery and Reinvestment Act of 2009 (Stimulus).
5. The contract is for services that will be provided on an unpredictable schedule. A common example is snow plowing. DPW signs up several small independent snow plowers. These small contractors generally have very few employees. Requiring them to meet RPP standards for work that is uncertain and unpredictable.

2012 Summary Data:

- ❖ 2012 CONTRACTS: 125
- ❖ 2012 CLOSED: 32
- ❖ TOTAL CLOSED: 87

2012 RPP COMPLIANCE SUMMARY	
TOTAL CONTRACTS	87
COMPLIANCE	77
NONCOMPLIANCE	9
EXEMPT	1
RPP COMPLIANCE (25%) REQ.	TOTAL
TOTAL CONTRACTS	7
COMPLIANCE	7
NONCOMPLIANCE	0
EXEMPT	0
RPP COMPLIANCE (40%) REQ.	TOTAL
TOTAL CONTRACTS	80
COMPLIANCE	70
NONCOMPLIANCE	9
EXEMPT	1
SUMMARY RPP COMPLIANCE	TOTAL
NONCOMPLIANCE < 5%	2
NONCOMPLIANCE > 5%	7



- ❖ Nine (9) contracts fell short of the 40% RPP requirement.
- ❖ Zero (0) contracts fell short of the 25% RPP requirement.
- ❖ One (1) contract was exempt from RPP requirements.

CLOSED CONTRACTS 2008-2012

YEAR	TOTAL CONTRACTS	CLOSED CONTRACTS
2008	152	126
2009	147	136
2010	127	96
2011	123	71
2012	125	32



❖ The above table and graph allow for a direct comparison of annual Department of Public Works contracts.

YEAR	TARGET	NON-TARGET	NON-RESIDENT
2008	30.7%	16.1%	53.2%
2009	33.2%	13.4%	53.3%
2010	44.4%	5.4%	50.2%
2011	44.0%	5.4%	50.6%
2012	50.2%	3.6%	46.2%
AVERAGE TO DATE	36.6%	10.9%	52.5%

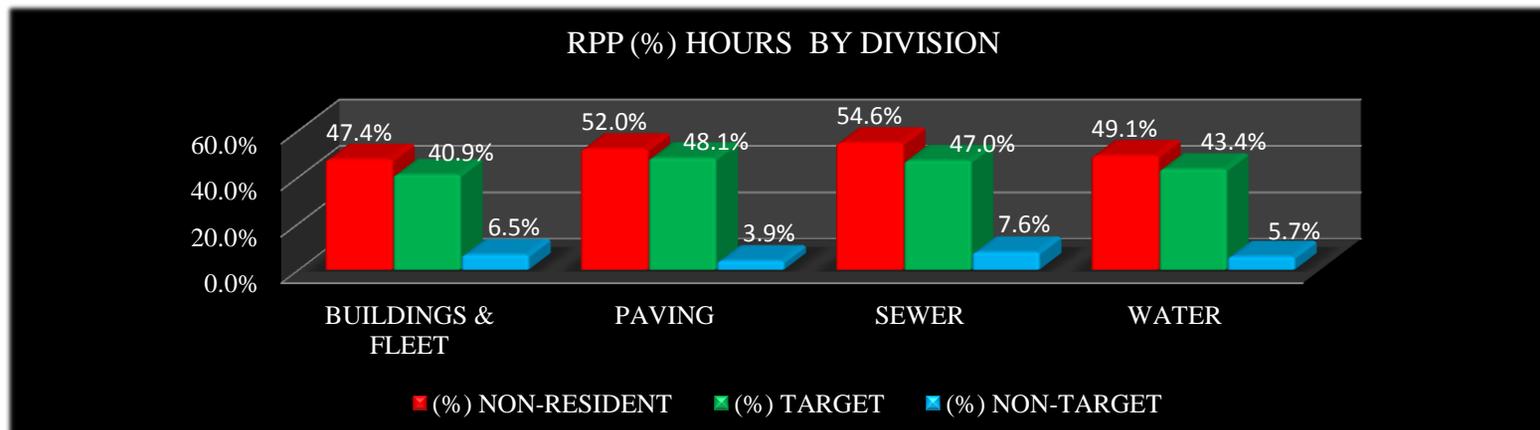
❖ Current data demonstrates that 2010, 2011 and 2012 are exceeding (RPP) requirements by at least 4%

SUMMARY OF RESIDENCY HOURS BY DIVISION

EXHIBIT (1C)



- ❖ The above graph illustrates the total labor (\$) paid and the Target \$ paid by division.
- ❖ The graph below illustrates that all four (4) divisions are currently exceeding RPP requirements.
- ❖ Paving with a RPP average of 48.1% is leading all other divisions.
- ❖ B&F 40.9% PAV 48.1% SEW 47.0% WAT 43.4%



- ❖ TARGET (\$) B&F \$116,180.05 PAV \$1,152,556.84 SEW \$2,192,235.12 WAT \$690,776.40

2012 SUMMARY OF RESIDENCY HOURS

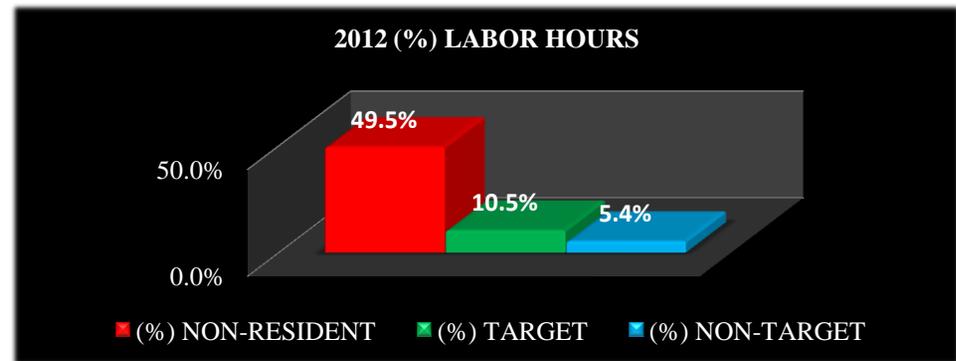
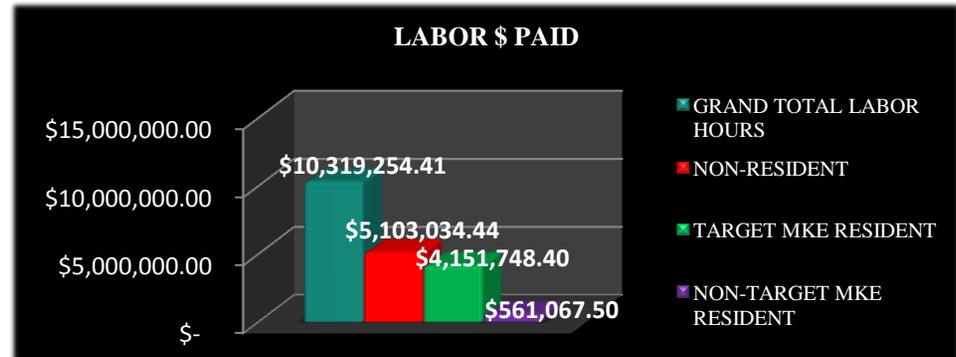
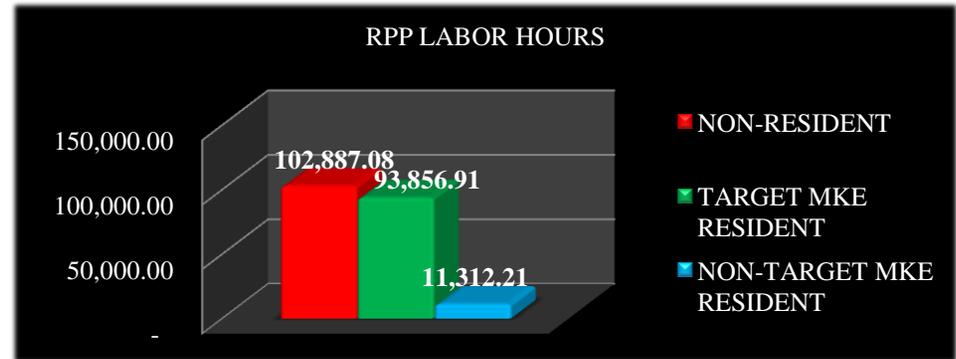
EXHIBIT (2C)

(Percentages based on 87 contracts closed in 2012)*

2012 RPP SUMMARY STATISTICS		
HOURS	TOTAL	(%)
TARGET MKE RESIDENT	93,856.91	45.1%
NON-TARGET MKE RESIDENT	11,312.21	5.4%
NON-RESIDENT	102,887.08	49.5%
TOTAL MKE RESIDENT	105,169.12	50.5%
GRAND TOTAL	208,056.20	100.0%
LABOR \$ PAID	TOTAL	(%)
TARGET MKE RESIDENT	\$ 4,151,748.40	40.2%
NON-TARGET & NON-RESIDENT	\$ 6,167,506.01	59.8%
GRAND TOTAL	\$ 10,319,254.41	100.0%

(Labor (\$) paid are approximations based on total labor hours.)*

- ❖ Target Milwaukee Resident hours + Non-Target Resident hours total more than 50% of total labor hours.
- ❖ Target Milwaukee Resident labor (\$) paid + Non-Target Resident labor (\$) paid total more than 50% of total labor (\$) allocated.

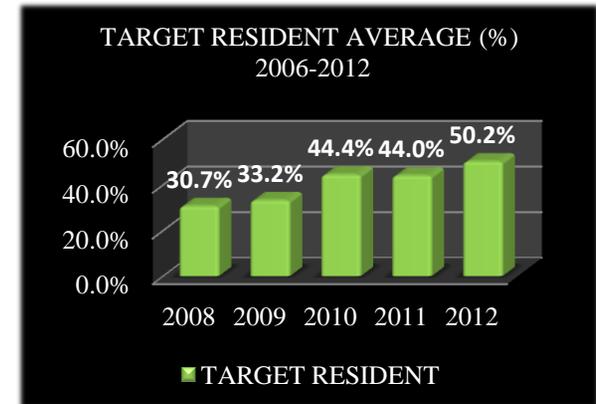


SUMMARY OF RESIDENCY HOURS BY YEAR

EXHIBIT (D)

(Percentages and (\$) values based on 463 closed contracts from 2008 to present)*

YEAR	BID AMOUNT	LABOR (\$)	TARGET (\$)	(%) CLOSED
2008	\$ 54,359,711.06	\$ 11,654,555.90	\$ 3,288,989.17	82.89%
2009	\$ 67,899,688.45	\$ 14,820,164.79	\$ 4,508,322.08	92.52%
2010	\$ 36,587,058.36	\$ 9,424,835.17	\$ 4,051,845.54	75.59%
2011	\$ 31,432,151.33	\$ 8,571,291.27	\$ 3,566,528.78	57.72%
2012	\$ 12,636,587.46	\$ 3,136,434.04	\$ 1,428,412.93	25.60%
TOTAL	\$ 202,915,196.66	\$ 47,607,281.16	\$ 16,844,098.49	

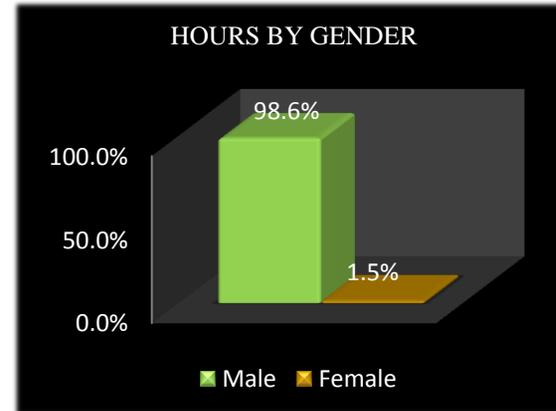


- ❖ The above table details annual labor costs and the (%) of formal contracts closed.
- ❖ The above graphs allow for a direct comparison of the annual labor costs and a performance assessment of annual Target Resident hours.
- ❖ Years 2008 and 2009 are currently exceeding the 25% RPP compliance requirement.
- ❖ Years 2010, 2011 and 2012 are currently exceeding the 40% RPP compliance requirement by greater than 4%.

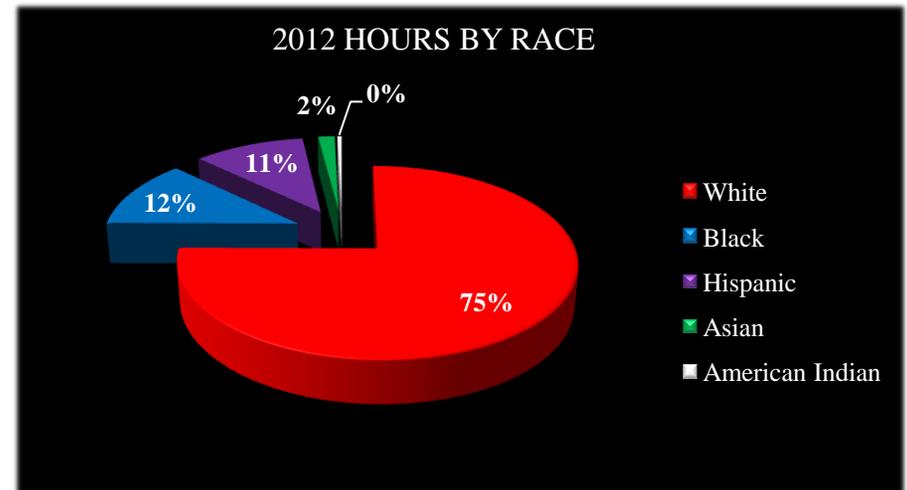
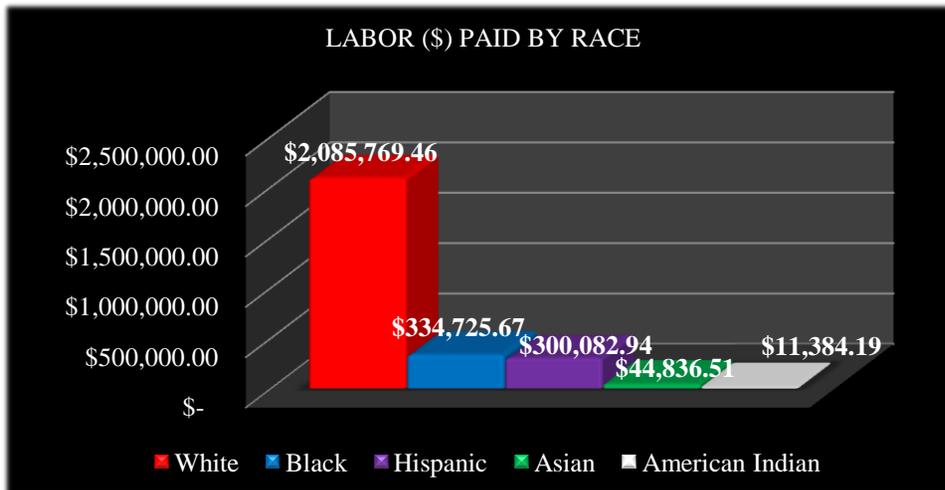
2012 HOURS BY RACE AND GENDER

EXHIBIT (E)

2012 RACE & GENDER SUMMARY			
RACE/GENDER	TOTAL	%	\$ PAID
White	49,147.79	75.2%	\$ 2,085,769.46
Black	7,887.27	12.1%	\$ 334,725.67
Hispanic	7,070.97	10.8%	\$ 300,082.94
Asian	1,056.50	1.6%	\$ 44,836.51
American Indian	268.25	0.4%	\$ 11,384.19
Male	64,465.28	98.6%	\$ 2,735,824.18
Female	965.50	1.5%	\$ 40,974.59



- ❖ The above table illustrates that approximately 75.2% of labor hours and (\$) paid were allocated to cautions.
- ❖ The above graph illustrates that 98.6% of labor hours and (\$) paid were allocated to males.



- ❖ The above exhibit allows for a direct comparison of labor (\$) and labor hours by race.

2012 APPRENTICES BY RACE AND GENDER

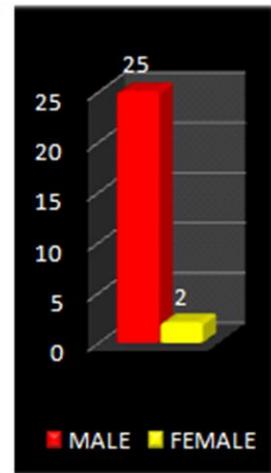
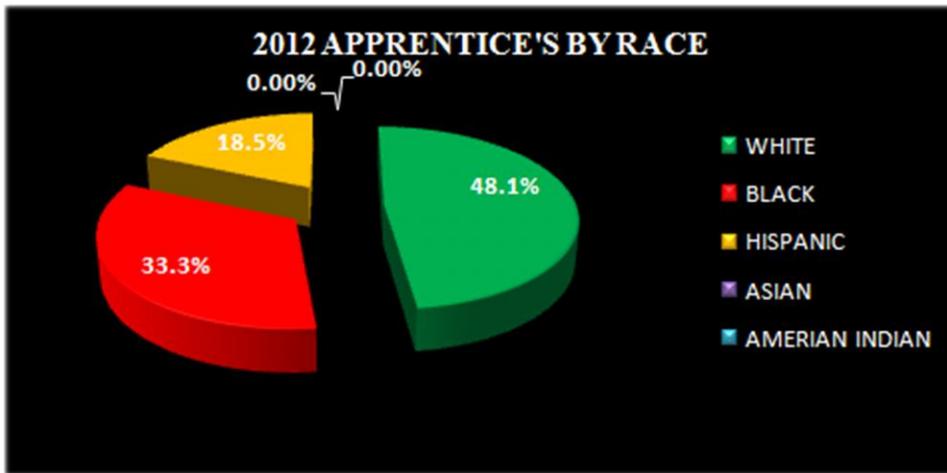
EXHIBIT (F)

APPRENTICES BY RACE AND GENDER		
RACE	TOTAL	(%)
WHITE	13	48.1%
BLACK	9	33.3%
HISPANIC	5	18.5%
ASIAN	0	0.00%
AMERICAN INDIAN	0	0.00%
APPRENTICES TOTAL	27	100.0%

APPRENTICES BY GENDER		
GENDER	TOTAL	(%)
MALE	25	92.6%
FEMALE	2	7.4%

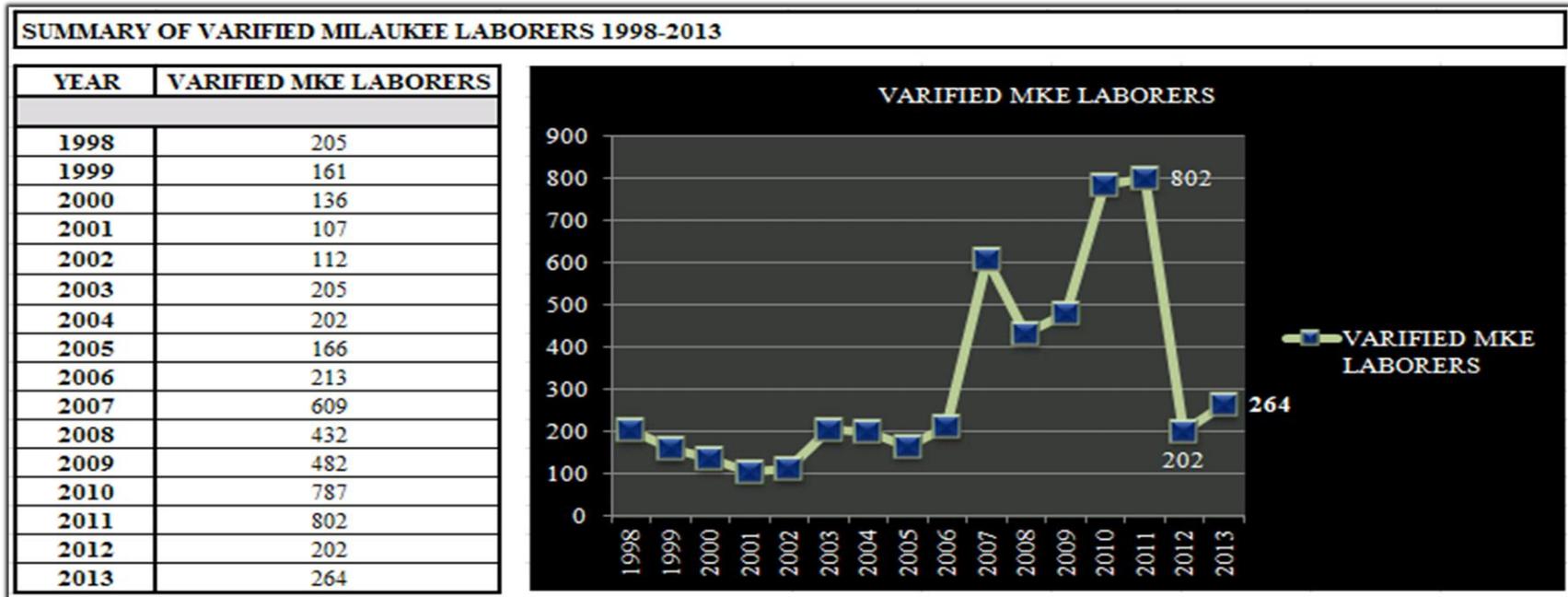
TARGET & NON-TARGET APPRENTICES		
	TOTAL	(%)
NON-TARGET	10	37.0%
TARGET	17	63.0%

- ❖ With a total of 27 apprentices in 2012 48.1% are identified as White and 51.9% as Minority races.



- ❖ With a total of 27 apprentices in 2012 98.6% are identified as Male and 1.4% as Female.

CERTIFIED WORKERS BY YEAR



- ❖ 1998 – 2006: Averaged approximately **167** certified laborers per year.
- ❖ 2007 – 2011: Increased to an average of approximately **622** laborers per year.
- ❖ 2012 – 2013: Year 2012 = **202** & Year 2013 = **264**

FINAL ANALYSIS

At the time of this report 2012 contract data demonstrates that Target Milwaukee Resident labor hours currently account for 45.7% of the total contract labor hours worked and 40.2% of total labor (\$) paid. While both the percentage of Target Milwaukee Resident labor hours and labor (\$) paid are exceeding RPP compliance requirements by 5.7% and .2% respectively; the addition of Non-Target Milwaukee Resident labor hours brings total Milwaukee Resident labor hours to 50.5%.

Looking at the same 2012 data set it can be established that all four (4) Department of Public Works divisions are currently exceeding RPP compliance requirements. Target Milwaukee Resident averages are as follows: B&F: 40.9% PAV: 48.1% SEW: 47.0% WAT: 43.4% While each division is exceeding the 40% RPP compliance requirement it should be noted that the percentage of Non-Resident labor hours currently account for 49.5% of total labor hours.

Data on the annual verification of Milwaukee Resident laborers illustrates a significant reduction in the total number of annual verifications. This decrease can be attributed to the loss of two community organizations (Milwaukee Urban League) and (Esperanza Unida) that collaborated with the City of Milwaukee to assist in the identification and verification of laborers. With lower rates of verification many laborers that live within the City of Milwaukee are not being verified as Target Milwaukee Residents and as a result overall Target Resident percentages are reduced.

In an effort to increase annual verifications the Department of Public Works makes every effort to identify and partner with community organizations. With the recent identification of The Riverworks Development Corporation as a possible partner in 2013 the verification of Milwaukee Residents should increase significantly.

As a whole only nine (9) or 10.5% of the eighty-seven (87) contracts closed in 2012 fell short of RPP compliance requirements and seventy-seven (77) or 89.5% of the contracts exceeded RPP compliance requirements. Data for both the current year and the four (4) years prior are encouraging, and demonstrate that the majority of City contractors are fulfilling RPP compliance requirements.