



Tom Barrett
Mayor, City of Milwaukee

May 11, 2012

To the Honorable, the Common Council
of the City of Milwaukee

Honorable Members of the Common Council:

Common Council File 111739 directs city officials to accept \$57,634 from Utility Service Partners, a payment neither solicited nor rendered in partial fulfillment of its contractual obligation to the city. This payment is in addition to any royalty payments in the negotiated agreement of November 15, 2011, and does not change the terms of that agreement. The company stated that this payment is being made *"because it is the right thing to do."*

It is not the right thing to do. The Common Council awarded a no-competition contract to Utility Service Partners and has now voted to accept a "gift" from that company.

By authorizing participation in the warranty program last year, the Common Council bypassed the city's formal procurement process. It authorized a co-branding relationship with Utility Service Partners without first evaluating the proposed benefits or consequences of the program. Nor was there sufficient investigation into other companies that might provide warranty services.

As I pointed out in my veto last year, warranty coverage of water and sewer laterals is of limited need to homeowners and provides negligible benefits in reducing flooding problems. In fact, if service line warranties were a worthwhile investment for homeowners, then an endorsement from the city ought to be unnecessary.

The use by Utility Service Partners of the city's imprimatur suggests Milwaukee policymakers have objectively analyzed the program and concluded it is beneficial. I continue to believe objective analysis is complicated by royalties and gifts provided by the company. For that reason, I do not support the additional payment from Utility Service Partners to the city for its participation in the service line warranty program.

Rather than accepting a gift from Utility Service Partners, the city should evaluate the success of the program at the end of the contract. If the Common Council decides to renew the contract or execute a new contract with a different company, then the Council could determine at that time to enhance the royalty structure. In that event, I will again urge the Common Council to utilize the city's competitive procurement process.

Bypassing procurement rules and subsequently accepting gifts from the company that benefitted is not a precedent that policy makers should embrace.

Sincerely,

Tom Barrett
Mayor