

# CITY OF MILWAUKEE FISCAL NOTE

A) **DATE** February 26, 2009

**FILE NUMBER:** 080218

Original Fiscal Note  Substitute

**SUBJECT:** An ordinance incorporating code provisions – apprenticeship requirements for construction contracts, participation of city residents in public works contracts, the emerging business enterprise program – into a single chapter, and creating new provisions establishing requirements for developers receiving direct financial assistance from the city, and local business enterprise contracting standards.

B) **SUBMITTED BY (Name/title/dept./ext.):** Ghassan Korban/Coordination Manager/DPW/3304

C) **CHECK ONE:**  ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES  
 ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.  
 NOT APPLICABLE/NO FISCAL IMPACT.

D) **CHARGE TO:**  DEPARTMENT ACCOUNT(DA)  CONTINGENT FUND (CF)  
 CAPITAL PROJECTS FUND (CPF)  SPECIAL PURPOSE ACCOUNTS (SPA)  
 PERM. IMPROVEMENT FUNDS (PIF)  GRANT & AID ACCOUNTS (G & AA)  
 OTHER (SPECIFY)

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	Increase construction costs		150,000		
<b>TOTALS</b>			150,000		

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN **ANNUAL** BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT **SEPARATELY**.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS

G) **LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:**

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H) **COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:**  
 See attached

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PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE

Average annual total DPW construction contract cost of \$50,000,000

***Fiscal impact related to EBE increase:***

Current EBE % performed is 21%, with the increase to 25%. An additional 4% of subcontracting will be required. This translates into additional \$2,000,000 subcontracted out.

**Assuming** a 5% markup for the prime contractor, then an additional \$100,000 in additional costs.

***Fiscal impact related to LBE:***

**Assuming**, of all bids, the LBE requirement would be a consideration on only 2% of the bids. This translates into \$1,000,000 out of the \$50,000,000 total contracted amount. Applying the 5% rule on that amount will result in a maximum of \$50,000 in added cost to those contracts. Not knowing how many times this will occur; it is difficult to assess how much the \$50,000 cap will be a factor. If the occurrence is such that the 5% is applied on a \$1,050,000 to a \$2,500,000 bid, then it is a factor, and the impact is limited to the \$50,000. If on the other hand we had different occasion where the 5% amounted to less than 50,000 each time, then the cap is not a factor.

**Therefore, the estimated total annual cost impact as it relates to DPW contracts due to the proposed resolution File 080218 is \$150,000.**