

LRB – FISCAL REVIEW SECTION ANALYSIS

April 15, 2002 AGENDA

ITEM 4, FILE 011713

ECONOMIC DEVELOPMENT COMMITTEE

TERRI GABRIEL

File #011713 is a 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 to a flat fee of \$50. This ordinance appropriates \$50,000 to cover an anticipated shortfall in the EOEP budget for 2002.
6. Common Council File Number 011711 directs DOA to refund all certification and recertification fees paid by the DBEs under the sliding scale fee structure, less \$50. This resolution transfers \$85,000 from the 2002 Common Council Contingent Fund to a special purpose account under the control of DOA to pay for the refunds.

Discussion

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

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

- 2) refund all certification and recertification fees paid by DBE's under the sliding scale fee structure, less \$50.

Fiscal Impact

1. The total amount of this resolution is \$135,000 to be transferred to a special account under the control of the Department of Administration.
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.