

Residents Preference Program

2010 Annual Report

Department of Public Works

City of Milwaukee

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2010 Residents 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 activities of the Residents Preference Program (RPP) of the previous year.

The ordinance required that 25 percent 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%. Therefore, for contracts initiated on or after August 10, 2009 the ordinance requires that 40% of worker hours consist of unemployed or underemployed residents. Also, the special impact area has been expanded from the Community Development Block Grant Area to encompass the entire area of the City. Although limited to very few contracts awarded after July of 2009, both of these changes will be reflected in this RPP report.

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

Exhibit A is a summary of 2010 activities as it pertains to the RPP. Most importantly, the average target resident participation rate for 2010 contracts that have been closed to date is 45.3%. Meaning, nearly one-half of the work on completed DPW contracts has been fulfilled by target residents. Also, the percentage of contracts that did not have a target residency requirement increased slightly to 9.8%. This includes 13 of the 127 contracts opened in 2010. DPW has made every effort to require a 40% participation rate in as many contracts as possible. In accordance with Chapter 309 of the Milwaukee Code of Ordinances, all contracts entered into after August 15, 2009 now require 40% target hours. At the time of this writing, 51 contracts have been closed which require 40% target hours. This number is up dramatically from one year ago, when only 8 contracts with a 40% requirement had been closed. In cases where DPW does not require any resident worker participation, it usually involves specialty projects where potential bidders are not local contractors and typically do not have local employees. The participation criterion may also be waived when funding sources, such as the Wisconsin Department of Transportation, deny the city 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*.

Exhibit B is a summary of the required RPP percentage and the actual RPP percentage by year for the last 12 years. The exhibit clearly demonstrates that the Department has met or exceeded the required percentages each year. In 2010, based on the 103 closed contracts, the actual target resident participation is 37.0%.

Exhibit C illustrates the number of target resident workers that have been certified over the last 12 years. There were a total of 787 newly certified workers in 2009. In addition, 802 new workers have been certified through November 1 2011. There is currently a total of 5,849 certified resident workers. The Department has continued to collaborate with community agencies to increase the pool of certified target resident workers. In addition to City staff, three agencies assist in certifying new workers for the Residents Preference Program: Esperanza Unida, The Milwaukee Urban League, and Big Step. These organizations have proven to be valuable partners in locating workers eligible for the program.

Exhibit D displays tables representing the total target area residence hours spent on a particular contract, the percentage of resident worker hours from the total contract hours, and the percentage of resident worker wages from the total contract wages.

Based on hours, the actual percentage of target resident worker hours achieved is 37.0% and the percentage of the total contract dollar amount spent on wages that was paid to target resident workers was 35.2%.

This exhibit also shows that the average percentage of hours worked by Milwaukee resident workers is 49.0% (12.0% higher than the target area residents). This figure suggests that contractors performing services for DPW have a large percentage of Milwaukee residents (target and non-target) active in their workforce.

Also included in Exhibit D is a summary of closed contracts subject to the 40% RPP requirement. Only four out of the 60 closed contracts failed to meet the residency requirement, and together they averaged 44.71% target resident hours.

This report also contains Exhibit E, which shows a race and gender breakdown of hours spent on DPW contracts. In addition, Exhibit F provides data on the performance of DPW's apprentice program for 2010 closed contracts. Approximately 42% of the apprentices were of a minority group, which is more than the 38.6% minority apprentices witnessed in 2009. Also, 39% of the apprentice hours worked for closed 2010 contracts were performed by target area residents. This is much less than in 2009 contracts where target area residents totaled 62.3% of apprentice hours.

DPW staff continues to hold an annual mandatory meeting with all potential bidders on any DPW contracts. During this meeting emphasis is placed on programs such as the Residents Preference Program, Emerging Business Enterprise (EBE) program, and Prevailing Wages. Furthermore, everytime a new contractor is awarded a contract, a special meeting is held to discuss these programs at length in order to avoid any future and unnecessary noncompliance.

CONTRACTS REQUIRING LESS THAN 25% RESIDENT PARTICIPATION

In 2010, there were 127 formal construction contracts entered into by the Department of Public Works. Thirteen (13) of these formal contracts had no resident participation requirements or requirements that were less than 25%. In each case, the decision to reduce the normal resident participation requirement was made after discussions with the contracting division concerning the type and exact method of construction involved in the project. The decision to lower the participation requirement on each of these thirteen contracts was based on one or more of the following factors:

1. The work involved was highly specialized requiring skills and experience not represented on 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 relatively little spent on 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 is unreasonable.

Exhibit A

2010 RESIDENTS PREFERENCE PROGRAM SUMMARY DATA

Data for Contracts Closed in 2010

2010 Contracts Closed as of 11/1/2011	103
Overall Target Resident Participation in Closed Contracts	37.0%
2010 Contracts with no Resident Requirement	13
% of Contracts with no Resident Requirement	9.8%
2010 Contracts with RPP Requirement <40%	1
2010 Contracts with RPP Requirement of 40%	112
2010 Closed Contracts not Meeting RPP Requirement	14
2010 Closed Contracts with Actual Performance >40%	11

2010 Contract Data

2010 Formal Construction Contracts	127
Total Amount of 2009 Formal Construction Contracts	\$64,429,033

Exhibit B

Resident Participation Summary

Year	Required %	Actual %	Total Contracts	Contracts Closed
1997	25%	26.20%	229	229
1998	25%	27.50%	216	216
1999	25%	27.60%	154	154
2000	25%	30.40%	138	138
2001	25%	26.10%	126	124
2002	25%	28.80%	128	128
2003	25%	27.40%	140	140
2004	25%	31.10%	150	146
2005	25%	31.50%	131	125
2006	25%	30.60%	125	111
2007	25%	30.50%	133	110
2008	25%	31.30%	152	108
2009	25% / 40%	33.00%	147	84
2010	40%	45.3%	127	42

Exhibit C

CERTIFICATION OF TARGET RESIDENT WORKERS

Total Resident Workers Certified (1991 through 11/1/2011)	5,849
Total Resident Workers Eligible as of 11/1/2011 (5 year eligibility)	2,718

New Resident Workers Certified by Year

Year	New Certified Workers
1999	161
2000	136
2001	107
2002	112
2003	205
2004	202
2005	166
2006	213
2007	609
2008	432
2009	482
2010	787
2011 (through 11/1)	802

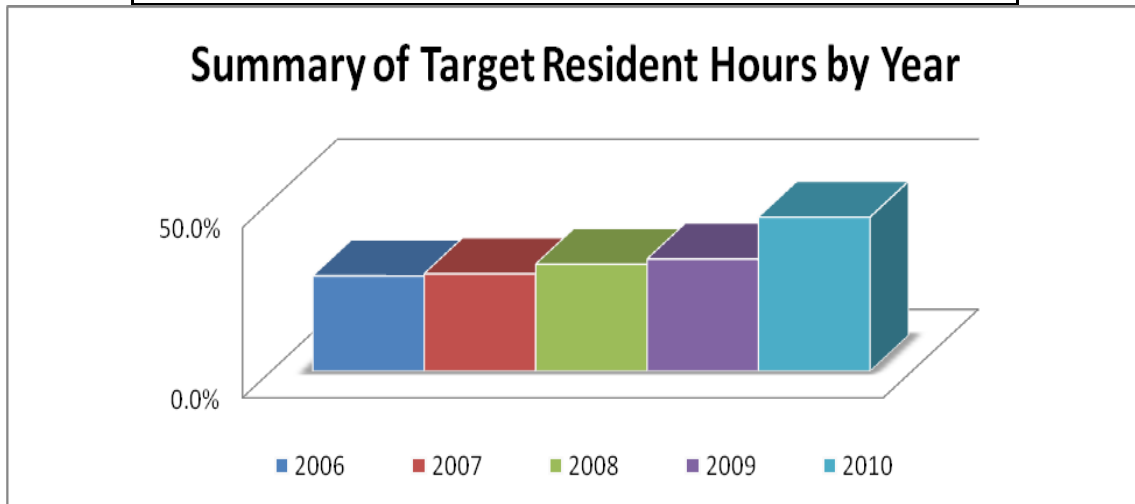
During the six year time period between 1999 and 2004, an average of 154 residents were certified each year. In the seven year period following 2004, 448 residents have been certified annually.

The 802 residents certified to participate in the Residents Preference Program during the first 11 months of 2011 signals an increase from previous years, and is already the highest annual total to date. In recent years there have been more registrants for the Residents Preference Program than was the case in the late 1990's, particularly in 2010 and 2007.

DPW updates its list of certified residents in collaboration with area agencies involved in the program. The abovementioned agencies, Esperanza Unida, Milwaukee Urban League, and Big Step, also certify people to participate in the program. These agencies are strategically located in the near north side, near west side, and near south side, making them more accessible for potential resident workers. While becoming certified to participate in the Residents Preference Program does not guarantee anyone a job, it does enhance opportunities for future employment with participating firms.

Exhibit D:

Summary of Residency Hours by Year	
Year	% Target Resident Hours
2006	28.0%
2007	28.6%
2008	31.4%
2009	33.0%
2010	45.3%



Closed Contracts Subject to 40% RPP Requirement:

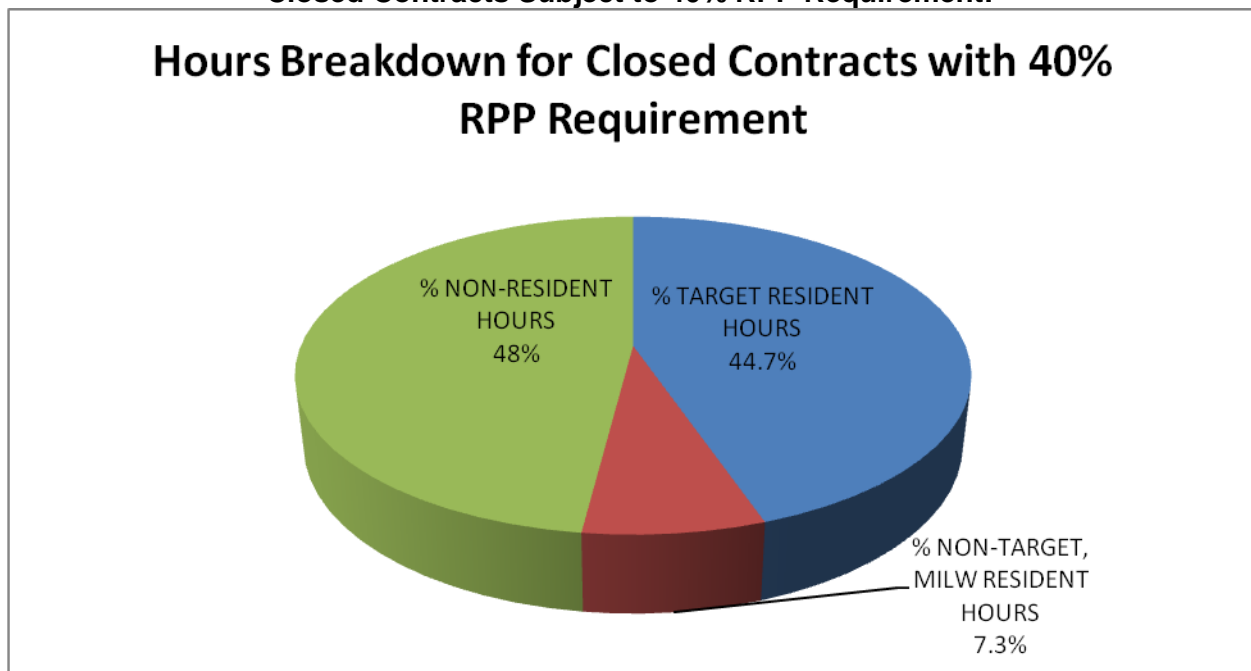


Exhibit E

Hours Worked by Race and Gender For Closed 2010 DPW Contracts

2010 Summary of Hours	Total	%
White	55837	69.64%
Black	11697.8	14.59%
Hispanic	11744.75	14.65%
Asian	593	0.74%
American Indian	307	0.38%
All	80179.55	
Male	79124.55	98.68%
Female	1055	1.32%

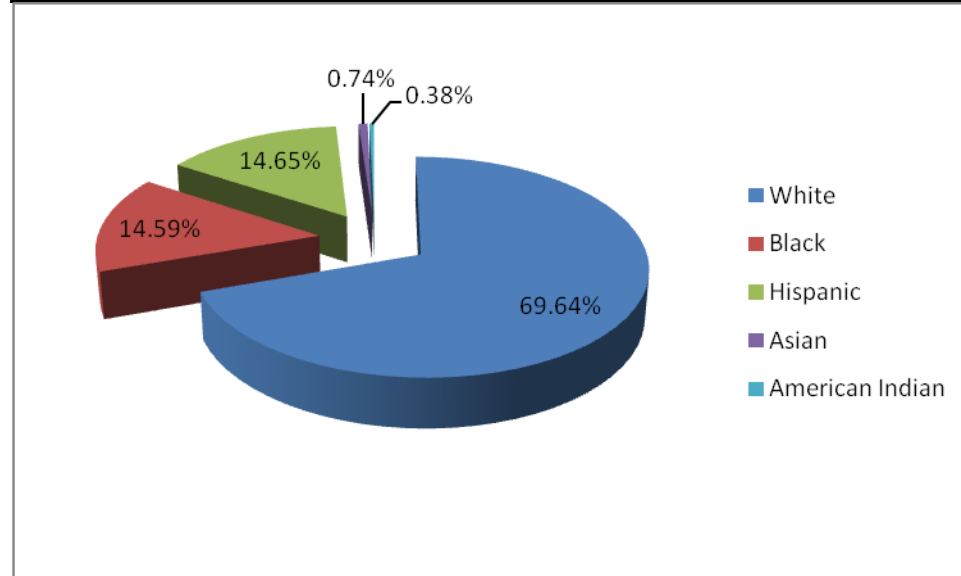


Exhibit F:

Number of Apprentices by Race and Gender		
	Count	%
White	41	58%
Black	9	13%
Hispanic	18	25%
Asian	0	0%
Am. Ind. / Pac. Islander	0	0%
Unknown	3	4%
Total Apprentices	71	100%
Men	61	86%
Women	10	14%
Target Area Apprentices	28	39%

