

Purchase of Milwaukee-Made, Milwaukee County-Made and American-Made Goods Legislation



2014 & 2015 ANNUAL REPORT

City of Milwaukee
Department of Administration
Purchasing Division

Background

Milwaukee Code of Ordinances, Chapter 310-18.9, Purchase of Milwaukee-Made, Milwaukee County-Made and American-Made Goods, was adopted on February 12, 2013 to increase local, Milwaukee County, and U.S. based business participation in the award of various City commodity contracts. The ordinance requires that the City purchase Milwaukee Made, Milwaukee County made, or American made goods provided that the purchase does not increase the cost of the good by more than 12% or \$25,000 (Effective June 20, 2014).

- The legislation applies to all commodity purchases subject to formal competitive bidding (over \$50K), except for those that are considered to be a raw material, including salt, gravel, petroleum, or any product derived from petroleum, or a chemical, including liquid oxygen, fluoride, or anhydrous ammonia.
- The requirements of the legislation may be waived if any of the following conditions apply:
 - The good is not produced in the United States in a sufficient and reasonably available quantity and of a satisfactory quality.
 - The purchase is necessary in order to respond to an emergency which endangers the public health and safety and no other contractor who complies with the requirements of this section is immediately capable of responding to the emergency.
 - It is impossible or impracticable to draw specifications satisfactorily to permit competitive bidding, items can be furnished from only one source, or items constitute a special adaptation for a special purpose, pursuant to s. 16-05-3 of the charter.
 - It would be in the best interests of the city to procure the goods pursuant to a cooperative purchasing arrangement with the state or other governmental entity.

Definition - “Milwaukee, Milwaukee County, or American-made good”

According to Chapter 310-18.9 the definition of a “Milwaukee, Milwaukee County, or American-made good” means an article is as follows:

- An article that is manufactured, mined or produced in the **City of Milwaukee, County of Milwaukee** or in the **United States** whose components made in the City of Milwaukee, County of Milwaukee or in the United States exceed 50% of the total cost of all components.

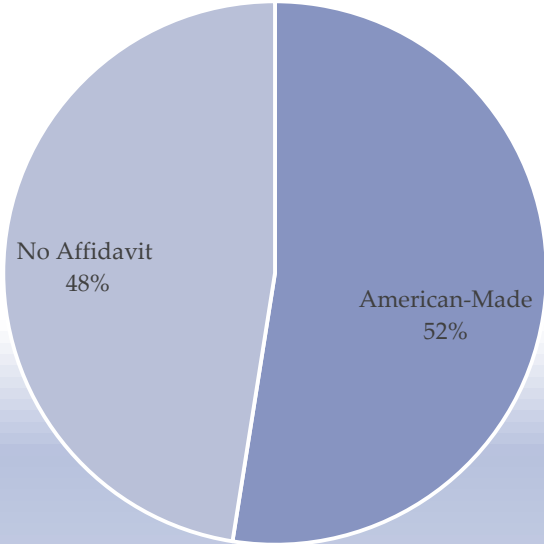
Requirements

- Contracts are to be awarded to the lowest compliant and responsible bidder based on the 12% bid preference (**not to exceed \$25,000**) if the bidder submits a notarized Affidavit of Compliance affirming that their product(s) meet the requirements of the ordinance.
- The 12% bid preference is 3-tiered such that a bidder seeking to qualify for the “Buy Milwaukee” bid preference would receive the benefit of the 12% bid preference first, then the “Buy Milwaukee County” bidder, and lastly the “Buy American” bidder if three vendors in each category seek to qualify for the 12% bid preference.

2014 Contracting Activity

In 2014, a total of 3 contracts were awarded to a bidder based on the incentive. Of the 47 bids issued with contract awards, the legislation applied to 28 or approximately 60% of those bids.

There were a total of 80 bidders. Of those, forty-two (42) bidders submitted Affidavits of Compliance which claimed American-made products.



2014 Buy American Incentive Cost

Table 1 below shows the types of contracts that have been awarded based on the incentive and the cost difference between the lowest complying Buy American bidder and the lowest complying non-Buy American bidder.

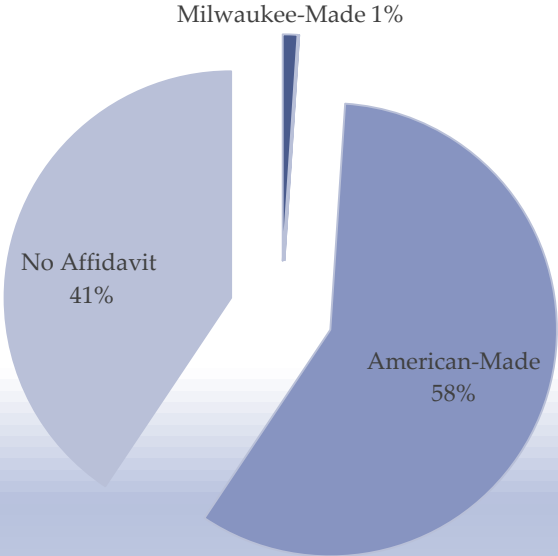
Table 1: 2014 Contracts Awarded to American-Made Bidders

Date of Award	Dept	Contract # and Description	Buy American(Awardee) Information		Lowest Non-Buy American Bidder Information		\$ Difference
			Company Name	Buy American Bid Amount	Company Name	Lowest Non-Buy American Bid Amount	
7/23/2014	DPW	B13232 Metal Housings	Price and Sons Inc. (SBE) Milwaukee, WI	\$45.10 (Unit Price)	Technical Metal Specialties, Inc. New Berlin, WI	\$42.97 (Unit Price)	\$2.13
12/1/2014	DPW	B13467 Dump and Platform Bodies (Items #2 and #6)	Casper's Truck Equipment Appleton, WI	\$25,997.00	Monroe Truck Equipment Depere, WI	\$24,262.00	\$1,735.00
				\$49,310.00		\$44,565.00	\$4,745.00
12/17/2014	DPW	B13521 Trailer, 140,000-Pound	Miller-Bradford & Risberg Inc. Sussex, WI	\$85,500.00	L.F. George Inc Waukesha, WI	\$84,099.00	\$1,401.00
							\$7,883.13

2015 Contracting Activity

In 2015, a total of 3 contracts were awarded to a bidder based on the incentive. Of the 59 bids issued with contract awards, the legislation applied to 41 or approximately 69% of those bids.

There were a total of 96 bidders. Of those, fifty-six (56) bidders claimed American-made products and one (1) bidder claimed City of Milwaukee-made products, a local city certified SBE firm.



2015 Buy American Incentive Cost

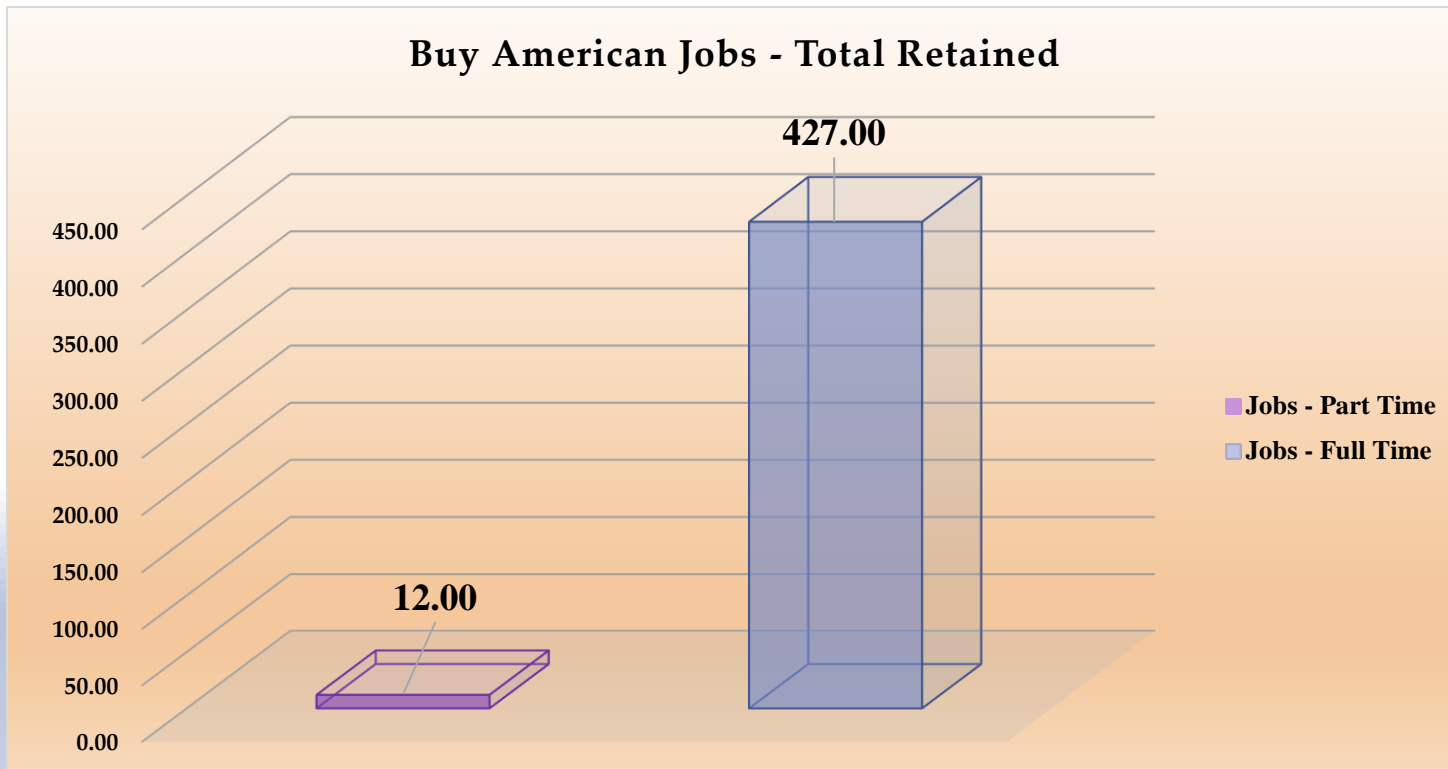
Table 2 below shows the types of contracts that have been awarded based on the Buy American incentive and the cost difference between the lowest complying Buy American bidder and the lowest complying non-Buy American bidder.

Table 2: 2015 Contracts Awarded to American-Made Bidders

Date of Award	Dept	Contract # and Description	Buy American(Awardee) Information		Lowest Non-Buy American Bidder Information		\$ Difference
			Company Name	Buy American Bid Amount	Company Name	Lowest Non-Buy American Bid Amount	
1/5/2015	DPW	B13545 Sidewalk Tractor	Miller-Bradford & Risberg, Inc. Sussex, WI	\$112,160.00	Bruce Municipal Equipment Menomonee Falls, WI	\$109,546.00	\$2,614.00
3/12/2015	Water	B13676 Stainless Steel Tapping Sleeves	JCM Industries, Inc. Nash, TX	\$65,250.00	Powerseal Pipeline Products Corp. Wichita Falls, TX	\$63,109.20	\$2,140.80
7/22/2015	DPW	B14011 Cable, Street Lighting	Trillium Development Ltd Co Scottsdale, AZ	\$123,320.00	Price and Sons Inc Milwaukee, WI	\$116,000.00	\$7,320.00
							\$12,074.80

Job Creation and Retention

Successful contract awardees are directed to provide an estimate of the number of jobs created and retained as a result of being awarded a city contract based on the 12% Buy American bid incentive. The bar chart below illustrates the number of jobs retained from 2013 thru 2016.



Conclusion

- Since inception of the program in 2013, the average annual cost of the program has been approximately \$24,000 . The approximate cost of the Buy American bid incentive citywide was \$53,000 in 2013, \$8,000 in 2014 and \$12,000 in 2015. The total cost of the Buy American incentive citywide since implementation is approximately \$73,000.
- Although only 6 bids were awarded based on the legislation from 2014-2015, there does appear to be a lot of interest in the vendor community. In several instances, such as the bids for aluminum sign blanks and direct bury aluminum poles, all of the bidders submitted affidavits for American-made products. There were also many instances where the lowest American-made bidder was the low bidder overall. In all of these cases, the legislation was not utilized to award the contract.
- The program maintains relevance for local firms and it continues to be one small tool that is available to give firms a competitive advantage. The program continues to benefit local businesses with City of Milwaukee made and Milwaukee county made products.
- Lastly, the 12% Buy American legislation appears to have a positive impact on job retention. Since the legislation has been enacted 439 U.S. based jobs have been retained – 427 full time jobs and 12 part time jobs.