



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

CRAIG KAMMHOLZ, CHAIR

Cecelia Gore, Cathie Madden, and Bethany Sanchez

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Thursday, May 31, 2007

1:30 PM

Room 101, City Hall

Meeting convened: 1:40 P.M.

1. Roll call

Present 2 - Kammholz and Sanchez

Excused 1 - Soika

Also present: Tom Gartner-Assistant City Attorney; Mr. Garry Werra-Department of Administration-Community Block Grant Administration; Albert Franitza-Department of City Development; Joe'Mar Hooper-DOA-Budget and Management Analysis Division; Chris Martin-Manager, Emerging Business Enterprise program

2. Approval of the minutes of the May 11, 2007 meeting

Ms. Sanchez moved to amend by adding "Terms of" before "Affordability" throughout page three.

Mr. Werra said that the second to last sentence from end on page 3 should say 50 years instead of 55 years.

Mr. Kammholz moved approval of the minutes as amended, Ms. Sanchez seconded. There were no objections.

Roll call taken at 1:59 P.M.

Present 3 - Soika, Kammholz and Sanchez

3. Discussion and review of application evaluation scoring measures

Mr. Kammholz said that there are two outstanding issues this subcommittee needs to revisit and those are the "Use of area workers or Emerging Businesses" and the "Family Supporting Wages."

Mr. Werra said that "Income Targets" was another item that this subcommittee needed to revisit.

Mr. Kammholz said that they could start by discussing the "Family Supporting Wages" and reminded the members that the Housing Trust Fund Advisory Board (HTFAB) felt the wage of \$7.00 was set too low and asked if they should leave it as is or should they make

changes to it.

Mr. Mahan said the \$7.00 wage rate is based on job placement and job training wages, which do not really relate to construction pay rates. He then asked Mr. Martin what wage rate does the EBE contractors have to follow.

Mr. Martin replied that the EBE contractors have to following the city's \$7.74 living wage rate, but when they are speaking of contractors that are unionized or have prevailing wage requirements, those wages are set much higher.

Mr. Werra asked Mr. Martin to explanation the difference between the living wage and prevailing wage.

Mr. Martin explained that prevailing wages are similar to union wages as far as the pay scale, but the prevailing wage doesn't have the other benefits that the union wage offers. He said the living wage is different in that it is the city's living wage requirement and it is updated every year.

Mr. Kammholz asked Atty. Gartner if the concept that they are looking for is the city's living wage requirement.

Atty. Gartner replied in the affirmative.

Mr. Kammholz said that the recommendation by this subcommittee should be that they use the city's living wage requirement and that the application be updated annually and for scoring purposes it would be either five points or zero.

Mr. Mahan said that it would be just five points for every applicant, because it would be a requirement.

Mr. Martin asked how they would insure that the entity is paying those wages.

Mr. Mahan said that the entity's payroll would be monitored, and that would done by certified payrolls.

Ms. Sanchez said that she is in support of the requirement, but said that it says in the legislation that the applicant would get extra points if the organization meets the minimum thresholds.

Mr. Mahan replied that for the entity to get the points it would have to be verified.

Mr. Werra explained the procedure used under the HUD guidelines on how living wages are monitored. He then asked if this living wage requirement would apply to the entire project or just the housing trust fund dollars and are they going to monitor just the organization's wages or will they have to monitor all the subcontractors that the organization uses on the project as well.

Mr. Soika appeared at 1:59 P.M.

Ms. Sanchez asked if there is a way to separate the housing trust fund dollars for the total project dollars?

Mr. Mahan replied in the affirmative and said that the RFP could state what the funds are

to be use for, such as for certain activities. He said that the "last dollars in" should not be paying for developer fees.

Mr. Werra said that the major question that needs to be addressed, is who will the living wage requirement be imposed on, the contractor only, or both the contractor and its subcontractors, because some of the smaller subcontractors may be paying wages below the rate of \$7.74 an hour.

Ms. Sanchez suggested that they could make the top point range higher to make it meaningful so that it would attract contractor who pay higher wages.

Mr. Mahan said that is something they can go with, but it would have to be determined if the requirement will be on the total project dollars or just the trust fund dollars.

Ms. Sanchez asked if it could be on just on the trust fund dollars.

Mr. Mahan replied in the affirmative.

Atty. Gartner said that he is concerned that they are setting up a structure where big developers are going to out score everybody else, because the big developers will probably be paying more per hour. He said it seems like a "one-size-fits-all" application.

Ms. Sanchez asked, that instead of requiring payroll documents, could the organization be required to put up signs at the project site, that would say "because this is funded with Housing Trust fund dollars, the living wage is required and if the entity isn't paying the living wage they can be reported to Community Block Grant Administration (CBGA)."

Mr. Mahan replied that that they can do that too, but if this is approved, the monitoring is something that they will have to do anyway.

Mr. Kammholz asked if they could require the organization to send a self-reporting document.

Mr. Martin said that projects like this could be a problem when there are requirements to use area workers and pay prevailing wage, which could leads to unskilled area workers being paid prevailing wage.

Mr. Soika said these are just bonus points and they should use the living wage, but lower the points.

Mr. Kammholz asked if the committee wants to apply the living wage requirement to the total project cost or just the housing trust fund dollars?

Mr. Mahan replied that it wouldn't eliminate the monitoring no matter which way they did it.

Mr. Kammholz asked if they could include in the term sheet a self monitoring requirement?

Mr. Mahan said they need to identify who the contractors are that will be required to apply the living wage; will it be just the contractor or will it apply to the whole project, which would include all the subcontractors.

Atty. Gartner replied that it would apply to the universe (general contractor and all the

subcontractors).

Mr. Kammholz said that they could drop the scale to three points, that the requirement would be for the entire project and that a self-monitoring provision be put in the term sheet.

Mr. Martin replied that in the Emerging Business Enterprise program, if there are City dollars involved, the whole project would be monitored.

Ms. Soika asked if the committee would prefer that wage requirement be limited to the trust fund dollars?

Mr. Mahan replied in the affirmative.

Mr. Kammholz asked if there is a formal recommendation or suggestion.

Mr. Mahan recommended that they keep the "Family Supporting Wage" intact at the 5 point system, update the wage per hour to \$7.74, that there is a set dollar amount on the projects funded and that a full scale monitoring would be on just those dollars.

Mr. Kammholz asked Mr. Mahan if his recommendation would only affect the housing trust fund dollars?

Mr. Mahan replied in the affirmative.

Mr. Soika said that they could say that the "minimum pay for laborers" should be the \$7.74 an hour.

Ms. Sanchez suggested that it should affect each development award of \$50,000 or more.

Mr. Mahan suggested that it should be on any amount funded.

Mr. Werra read the following proposal for "Family Supporting Wage" as suggested by the subcommittee members:

Contractors pays employees the City's minimum wage \$7.74-9.74 per hour	1 point
Contractors pays employees the City's minimum wage \$9.75-11.74 per hour	2 points
Contractors pays employees the City's minimum wage \$11.75-13.74 per hour	3 points
Contractors pays employees the City's minimum wage \$13.75-15.74 per hour	4 points
Contractors pays employees the City's minimum wage \$15.75 and up per hour	5 points

Mr. Kammholz asked if they could take out contractor and replace it with Vendor/Contractor, given that there are going to be service providers who will pay the lower wages and the bricks and mortar contractors will probably be paid at a higher wage rate? He then reiterated what was stated earlier, that the wage requirement would apply to the entire project and the term sheet would include a self monitoring requirement.

Mr. Kammholz said the next issue the committee needs to address is the "Use of area workers and emerging businesses" and said his recollection on this issue as discussed by the HTFAB is that they should take out "Use of area workers" and just go with "EBE", because it would be problematic to use both. He said the question was do they want to use the city's EBE requirements?

Ms. Sanchez asked if there is anything to prevent them from separating the "Use of area workers and emerging businesses" into two categories and awarding points for each.

Mr. Martin replied that they could separate them and said that they could use "Use of area workers" and say if they use less than 5% area workers they don't score, if they have 5-10% they would get x number of points, etc.

Mr. Martin explained the listing of RPP certified workers and gave an example on how the Department of Public Works uses that list. He said that may not want to mirror the RPP program completely. They may want to have the contractors identify the workers they have that are within the Community Block Grant target area or they could just say the whole City of Milwaukee.

Mr. Mahan said they should use the whole City of Milwaukee for "Use of area workers."

Mr. Soika said that using the whole city is fine with him.

Mr. Kammholz suggested that they separate "Use of city area workers and EBE" into two separate categories. He further said that "resident" means City of Milwaukee resident.

Mr. Soika ask if they are saying that everyone connected to the project has to be a city resident.

Mr. Kammholz replied in the negative. He said the contractor would get the points if they have a certain percentage of city resident workers and they would get a negative five if they don't have any city resident workers.

Atty Gartner asked how would an applicant anticipate what percentage of city workers they will have if they haven't selected a general contractor and subcontractors at the time they submit their application?

Mr. Martin replied that if the developer wants the dollars they would have to put it in his or her contract when seeking a contractor that there is a resident requirement and that the contractor and their subcontractors would have to abide by the requirement.

Atty. Gartner said that they may want to put a footnote at the bottom of the scoring sheet that would say that following the award of funding under this program, the applicant will need to develop term-sheets and documentation for each project and acknowledge that there will be a different set of requirements for each development project, depending on the size of the project. Atty. Gartner then asked if they have ten term sheets, who would be doing the negotiations for all of them?

Mr Kammholz said that it should be more then just a footnote and that it should be put in the application form.

Mr. Werra suggested that they insert Atty. Gartner's comments regarding the term-sheet, etc. on page 7 under "Funding Decision."

Atty. Gartner asked if they will have the term-sheets before it goes to council.

Mr. Kammholz replied in affirmative.

Mr. Kammholz said that the discussion on EBE's by the HTFAB was that they could mirror the City's EBE program. He says he believes they can. He said it was mentioned by the HTFAB that there is a way to cross-reference with the County and State Certification program. He further said that WHEDA would probably have most of the EBE vendors that would be applicable to this program. He then asked Mr. Martin how they should proceed with the EBE scoring and would it work for Housing Trust Fund to mirror the City's EBE program.

Mr. Martin replied that using the City's EBE program alone would be restrictive. He said that the State of WI NBE certification program as well as the EBE certification program would be applicable. He suggested that they may want to create their own program for the Housing Trust Fund that would include the use of all City EBE, County DBE and State of WI NBE certification programs. He said the problem they may come across, would be that it would open it up to vendors from all over.

Mr. Werra asked for clarification on the language the committee would like to use in the evaluation scoring sheet for EBE's category.

Mr. Kammholz replied that it should say "City EBE or Milwaukee County DBE or State of Wisconsin NBE Certification programs."

Atty. Gartner suggested that could just say "Meets human resource requirements of X percentage will be calculated using EBE, DBE, and NBE certification programs."

Mr. Kammholz said that they didn't want to get to far away from the City's EBE program.

Mr. Martin said if they don't want to get to far from the City EBE program, they may just want use City EBE program, otherwise if they open it up they will get vendors from all over.

Mr. Kammholz asked if they do open this up could they forward the applicants to the Mr. Martin's Office to be certified.

Mr. Martin replied in the affirmative.

Atty. Gartner said that they are going to have a human resource agreement for these grants and he then asked who will do the monitoring.

Mr. Mahan replied that they plan to do some subcontracting for the monitoring.

Mr. Kammholz asked Mr. Werra if he is clear on the changes to the use of area workers and EBE section of the evaluation form.

Mr. Werra replied in the affirmative and explained that he took the original category of "Use of area workers or emerging businesses" and created two categories with the exact same structure. The two category titles are: "Use of City of Milwaukee (resident) workers" and "Use of City of Milwaukee EBE (Total project)."

Mr. Kammholz said that the last two issued they need to review is "Income Targets" and "Zoning requirements."

Mr. Soika said the only thing that need review for "Income Targets" was just a change to the calculation and that they were going to include the chart as part of the evaluation

scoring sheet.

Mr. Soika said he would work with Mr. Werra to prepare a chart.

Mr. Kammholz moved the discussion on to the zoning requirement issues.

Atty. Gartner said all applicants will have to abide by all zoning requirements.

Mr. Franzia said that the zoning approval would be well along in the process by the time the applicant gets to the point of filling out the application. He asked if they could for see an applicant applying for these additional funds prior to the zoning being approved.

Mr. Kammholz asked if they need clarification in the application.

Mr. Gartner replied in the negative and said that they don't need to mention the zoning requirement in the application. He said they do have a boiler plate provision relating to zoning requirements and it can be put in the final agreement.

4. Next meeting date and time

Thursday, June 7, 2007 at 1:30 p.m. to discuss the time-line process.

Meeting adjourned: 3:25 P.M.

Terry J. MacDonald
Staff Assistant