

Overview of RPP, SBE, & LBE Programs

Presented by DOA, DPW, DCD and DNS

Workforce Organizational Reform Committee Meeting
January 14th, 2016

RPP, SBE, and LBE: how are they different?

- ▶ The purpose of these City programs is to help increase employment and small and local business utilization through contracting

- ▶ RPP focuses on **INDIVIDUAL WORKERS**



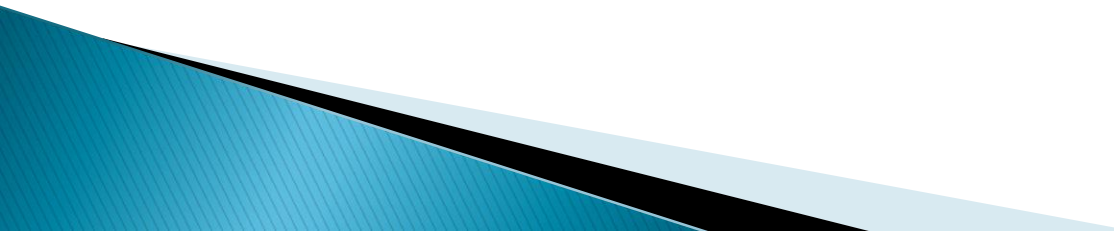
- ▶ SBE & LBE focus on **BUSINESSES**



Residents Preference Program Overview



What is the Residents Preference Program (RPP)?

- ▶ RPP was designed to help put City residents to work through construction contracting opportunities
 - Targets individual workers
 - ▶ Requires a certain percentage of contract labor hours from **RPP-certified** City residents
 - ▶ RPP participation requirement is typically 40%
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Who is eligible?

Milwaukee residents can participate if they:

Are Underemployed

Worked less than 1,200 hours
in the last 12 months

OR

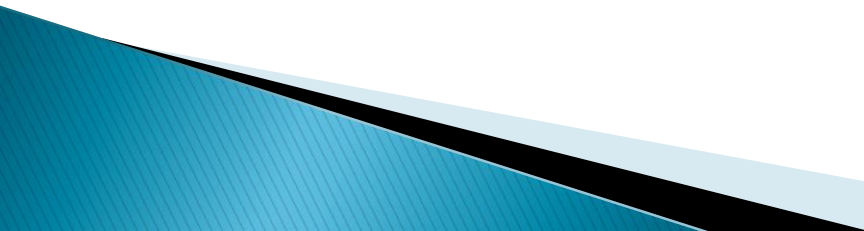
Are Unemployed

For the last 30 days

OR

Have a household income less than
Federal “free lunch” guidelines

How are workers certified?

- ▶ Eligible residents can become certified through:
 - Department of Public Works
 - WRTP/Big Step
 - Riverworks
 - ▶ Proof of City residence and verification of unemployed or underemployed status are required
 - Signed, notarized Employee Affidavit (Form I)
 - ▶ RPP–certified workers are certified for 5 years, even if they find employment
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How do contractors find RPP-certified workers?

- ▶ Contractors' existing workforce (already employ RPP-certified workers)
- ▶ Certifying agencies
 - External agencies (labor unions, training agencies, etc.)
 - WRTP/Big Step, Riverworks, etc.
 - City of Milwaukee (DPW)
 - List of RPP-certified workers
 - Referrals to external agencies

Which contracts have RPP requirements?

- ▶ Public works contracts
 - Including rehab/demolition of City-owned homes
- ▶ Private development agreements with $>$ \$1 M in “direct financial assistance” from the City
 - Projects with $<$ \$1 M in “direct financial assistance” may have RPP requirements or goals
- ▶ Some departments may voluntarily include RPP requirements on contracts

Which City departments are involved in administering RPP?

Department	Contract Type(s)	Legislation	Required RPP %	Reporting
DOA–OSBD/DCD	Private Development	MCO CH 355 (applies to projects with >\$1 M assistance)	40% (applies to projects with >\$1 M assistance)	Annual
DOA–OES	Me2, PACE projects	Community Workforce Agreement (CCFN: 131139)	40%	Not mandated
DPW	Public Works	MCO CH 309–41	40%	Annual
DCD	Housing Infrastructure Program and Tenant Transition to Ownership Program	MCO CH 7–22 (5), CH 309–41	40%	Not mandated
DNS	Deconstruction and DPW Demolition Support	MCO CH 309–41 (for City–owned property)	40%	Not mandated

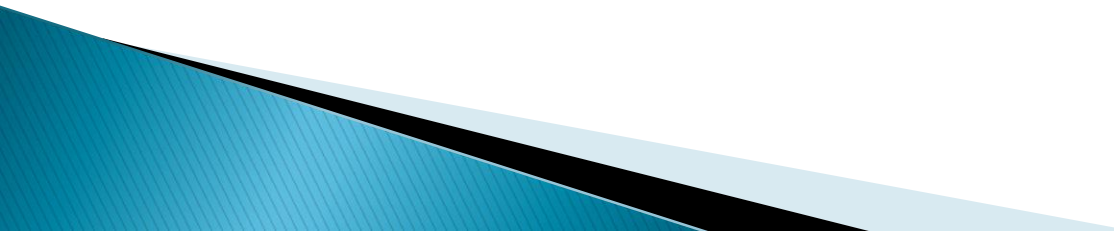
Can the City issue sanctions for non-compliance?

- ▶ **Public Works Contracts**
 - The City may withhold payment
 - DPW may require bidders with history of non-compliance to submit a work plan for achieving RPP requirement prior to award
 - Exclusion from bidding in future contracts for 2 year period
- ▶ **Development Agreements**
 - Can include provisions for damages or retainage related to RPP or other project outcomes based on City participation
- ▶ **DNS may withhold payment and require a reasonable alternative**
- ▶ **City departments not required by ordinance to include RPP requirements may stipulate consequences in contracts/agreements**
 - Contractors may be banned from future OES Me2 projects

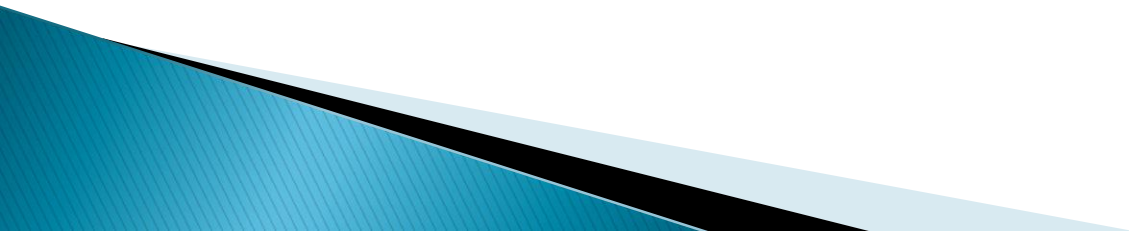
How do public works contracts and development agreements differ?

	Public Works Contracts	Development Agreements
City's Role	Project Owner	Participant; Private Developer is the Project Owner
Project Funding	City funds	Private Developer; City provides "assistance"
RPP Process	DPW is primary entity for monitoring and verification; may refer contractors to workforce agencies to find RPP-certified workers	City and non-City entities involved: Compliance Monitor(selected by developer), developer, workforce agencies, DCD, DOA-OSBD
RPP Requirement	40% participation required	40%; OSBD may adjust the requirement for certain categories of work with DCD Commissioner's approval and supporting evidence that the workforce is not available. 40% RPP still required in remaining categories

How does the City track RPP performance?

- ▶ Annual reporting to the Common Council
 - ▶ Retention of required documents from contractors
 - ▶ Contractor reporting during projects
 - ▶ LCPtracker software tracks workforce data by contract
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Program Successes



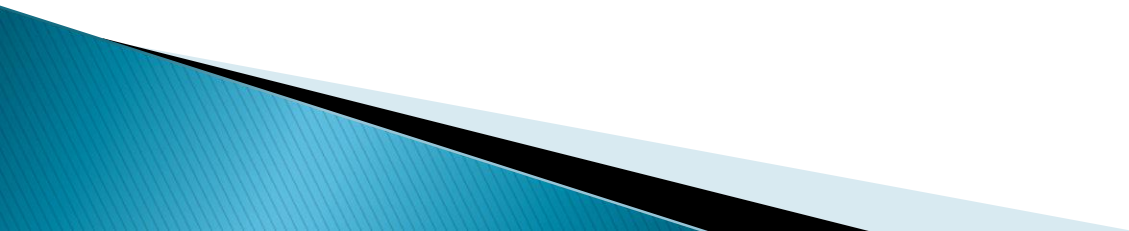
Successes

- ▶ Developers beginning to voluntarily include RPP participation goals on non-City funded development
 - Irgens' 833 E Michigan Project
- ▶ Over 400 RPP workers employed on development projects active in 2014, totaling > 124,000 hours
- ▶ RPP 40% requirement met or exceeded on several development projects:
 - Reed Street Yards: 40%
 - Schlitz Park: 43%
 - Northwestern Mutual: 46.1%
 - Century City: 43.8%

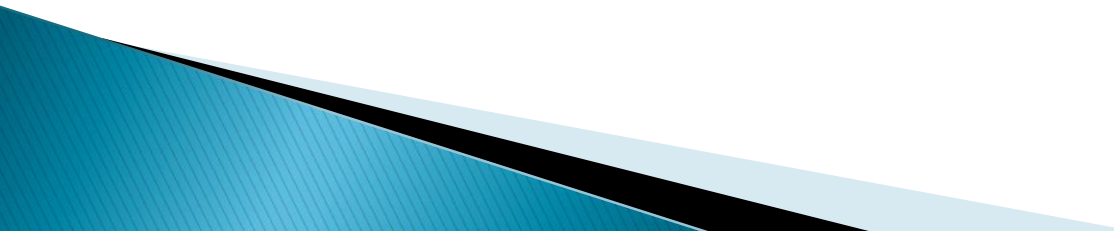
Successes

- ▶ More than 1,500 participants verified by DPW and certifying agencies in 2014
 - ▶ DPW has met or exceeded the 40% requirement for a number of years
 - ▶ Contracting workforce has shifted to mostly residents
 - ▶ 63% RPP participation on HIP contracts since program start
 - ▶ 86% RPP participation on T3OP contracts since program start
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History, Experience, and Insights



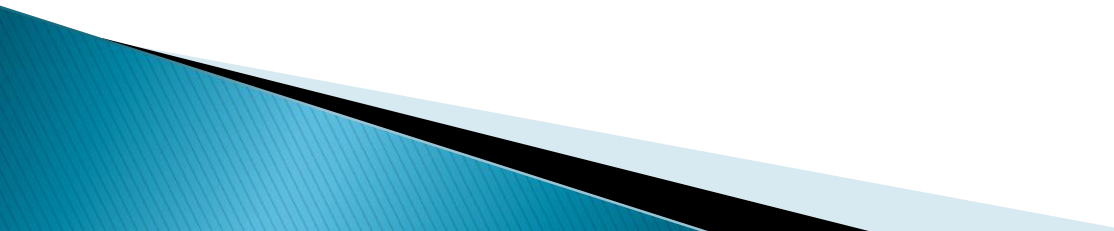
RPP Involved City Departments

- ▶ Department of Administration
 - ▶ Department of City Development
 - ▶ Department of Public Works
 - ▶ Department of Neighborhood Services
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Small Business Enterprise and Local Business Enterprise Programs



Small Business Enterprise (SBE)

- ▶ Governing Legislation: CH 370
 - ▶ Enhances city contracting opportunities for small businesses
 - ▶ DOA–OSBD is responsible for administration, coordination and implementation
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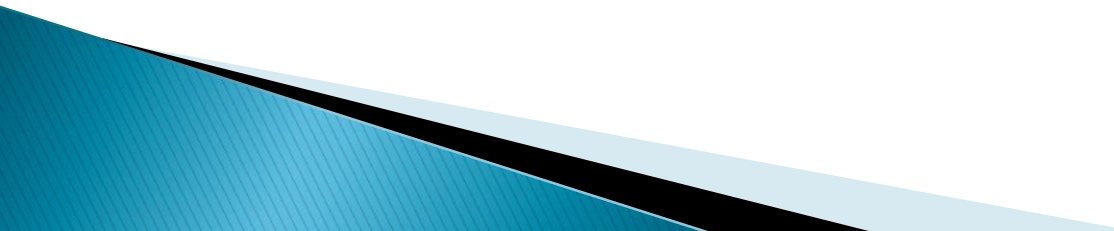
Small Business Enterprise (SBE)

- ▶ Goals of contracting departments:
 - Construction: 25%
 - The purchase of goods and services: 25%
 - The purchases of professional services: 18%
- ▶ SBE Certification:
 - Race and gender neutral program
 - Must be in operation for at least 1 year
 - Open to the contiguous United States
 - Valid for 3 years
 - Must be 51% owned, operated and controlled by one or more persons who are at an economic disadvantage and must prove 3 of the 4 disadvantaged specified in CH 370

Small Business Enterprise (SBE)

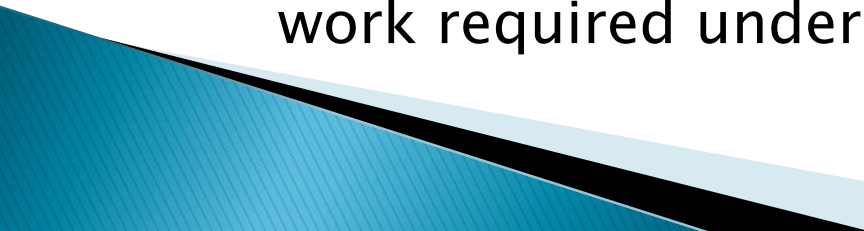
- ▶ Monitoring and Compliance
 - OSBD responsible for compliance monitoring and verification
 - Monthly reports provided by contractors and reviewed by OSBD staff
 - B2Gnow contract compliance software used

Local Business Enterprise (LBE)

- ▶ Governing Legislation: MCO CH 365
 - ▶ Designed to increase local business participation in city contract awards
 - ▶ DOA–Purchasing division responsible for administration
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Local Business Enterprise (LBE)

▶ Business Criteria

1. Own or lease real property within the geographical boundaries of the City of Milwaukee.
 2. Doing business within the geographical boundaries of the City of Milwaukee for at least one year.
 3. Not delinquent in any local taxes, charges or fees, or has entered into an agreement to pay any delinquency and is abiding by the terms of the agreement.
 4. Will perform at least 10% of the monetary value of the work required under the awarded contract.
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Local Business Enterprise (LBE)

- ▶ Requirements of City departments:
 - Apply an award standard in all bids so that a local business has an advantage in being awarded a contract, provided that its bid does not exceed the lowest bid by 5% or \$25,000.
 - Ex. If the bid from an LBE firm is less than \$105k and the lowest bid from a non-LBE firm is \$100k, the LBE firm is awarded the contract because the bid does not exceed the lowest bid by 5%.
 - Request for Proposals (RFPs): an additional number of points, equal to 5% of the maximum number of points used for evaluation, must be added to increase the total score attained by a local firm.
 - No longer enforceable on public works contracts