



June 11, 2018

To: Mayor Tom Barrett
Common Council President Ashanti Hamilton

From: Milwaukee's City Accelerator Team

Re: City Accelerator Project Update

Mayor Barrett and President Hamilton:

This memo provides an update on the progress of the City of Milwaukee's engagement with the City Accelerator. City Accelerator is a program of Living Cities and the Citi Foundation, designed to increase equity and inclusion through innovation in city government.

Milwaukee was one of 5 cities selected to participate in the Accelerator in June of 2017 along with Charlotte, Chicago, Los Angeles, and Memphis. The work of this 5-city cohort is focused on increasing equity and innovation in city purchasing and contracting.

Due to the complex nature of public procurement, this Accelerator cohort has been extended 6 months by Living Cities and Citi Foundation. It will conclude in November of 2018, at which time the participating cities will convene and report their results and progress. Our work will also be shared and showcased via *Governing Magazine* and used to guide future City Accelerator participants.

GOALS

The City Accelerator Project has 4 key goals:

- Increase the number of **available** (SBE Certified) professional service businesses
- Increase **capacity** of SBE Certified professional service businesses to do business with the City
- **Re-brand/re-orient** Milwaukee's inclusion programs to celebrate success and increase business diversity
- Develop **innovative policies** and processes that encourage more participation by diverse businesses in city contracts

Developing Innovations in City Contracting

In many cities, the "how" of government processes can be a barrier to equity and participation in public contracts.

Milwaukee's team will foster innovations in how the city does business, to support our progress toward the project's goals. That work relies on key principles of innovation:

- **Focus on users** – our processes have to work for business owners and the city's purchasing staff in all departments

- **Start small, and grow what works** – pilot efforts and small tests come before system-wide changes
- **Accept risk** – manageable risk on pilot efforts is necessary to change how we work
- **Use data to measure impact** – assessing where we start from and how much has changed is critical
- **Celebrate success** – sharing improvements and outcomes sets up future success

ACCOMPLISHMENTS

To achieve the project's goals, the team convened a stakeholder group of city staff, contractors, and business leaders from around the city. The City Accelerator team connects with the technical advisors for this City Accelerator, Griffin & Strong, PC of Atlanta, to talk through our ideas and get input based on their experience. We also learn from our peers in other cities, including our cohort cities as well as prior participants in the City Accelerator.

Business Analysis: Who is certified?

The team compiled and analyzed data on city businesses certified as City of Milwaukee SBEs and other public certification programs in Milwaukee County. Those certifications include Milwaukee County's DBE and SBE programs, Milwaukee Metropolitan Sewerage District's MBE, SBE, VBE, and WBE, and the certification programs for the State of Wisconsin's Department of Transportation and Department of Administration.

It's important to note that the City's SBE program has different qualifications and eligibility requirements for certification. The enabling ordinances for the SBE program focus on historically disadvantaged small business, and are race and gender-neutral.

The analysis generated a few key observations:

- A significant amount (61%) of city businesses located in the city and certified with the County, MMSD, or a State agency are not certified with the City of Milwaukee.
- Construction is over-represented in the City's SBE program: construction firms were 33% of all certified businesses and 24% of non-City certified businesses, but 55% of City-certified businesses.
- For all certification programs, businesses are distributed fairly evenly among Aldermanic Districts. The 1st, 6th, and 4th Districts had the most City SBEs, respectively; the 5th, 13th, and 11th had the fewest.

Survey Results - Perceptions & barriers to City contracting

The City Accelerator team created a non-scientific survey of local businesses to put a measurement on many of the issues heard by city officials about contracting. We asked business owners to share their perceptions of working with the city, experience working with the city, and what they wanted for their business. The results of the survey are summarized below:

Responses: 175 total, 129 complete

58% located in City of Milwaukee

39% of city-located business owners self-identified as African-American, Latino, Asian-American, or Native Americans

Among ethnically diverse business owners:

- 50% were SBE-certified
- 56% had no contractual relationship with the city
- Only 28% had plans to bid on city work in the future

For ethnically diverse businesses in Milwaukee, the top reasons for not bidding on city contracts were:

- Contract information and awareness of city purchasing opportunities
- Complexity of the contracting process
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The businesses we surveyed like bidding partnerships:

- 48% of respondents say they plan to bid on city work in the future
- 82% of respondents say they would **jointly bid** with other businesses on city contracts

They also want help with growing their capacity:

- 76% are somewhat or very likely to take advantage of coaching or mentoring offerings
- Financing**, including bonds and insurance and working capital, was also common

PROGRESS AND PLAN

Based on these findings, and our conversations with stakeholders, experts, and our City Accelerator peers, the team has undertaken several initiatives, shown below:

City Accelerator Work Plan 2017-18

Focus Area	Action	Why?
Availability	Certify 30 new SBE firms, with a focus on professional services. [Status: Target September 2018]	Over 100 surveyed professional services firms were certified with another public entity, but <i>not</i> the City of Milwaukee. Professional services are in wide demand and present growth opportunities for city business.
Business Capacity	Diversify certified SBEs to increase the number of contracting opportunities. [Status: Ongoing]	Of the City’s SBE firms, 55% are in construction, TWICE as many as in Professional & Business Services. Increasing the kinds of businesses the city engages increases the overall impact.
Business Capacity	Re-engage through Lunch N’ Learns with SBE bidders who have not been awarded a contract. [Target: July 2018]	While a large number of survey respondents were SBE-certified, only 28% planned to work with the city in the future. Engagement beyond bids and formal events is critical.

Focus Area	Action	Why?
Policy & Process	<p>Create a “Buying Plan” forecasting purchasing opportunities and connecting businesses to departments on future opportunities. Make the Buying plan a key feature of Small Business Week and other contractor recruitment and small business events.</p> <p>[Status: Drafted May 2018]</p>	<p>The two most common responses to why businesses don’t bid were:</p> <ul style="list-style-type: none"> • Don’t know how to access contract or bid information • Not aware of opportunities to do business with the city <p>Setting a timetable and increasing access to information about future contracts makes those opportunities easier to take advantage of.</p>
Policy & Process	<p>Innovate and share new contracting strategies between departments, including:</p> <ul style="list-style-type: none"> • “Re-sized” or unbundled contracts • “New business only” bids • Review of insurance/bond requirements • Review of small purchases that can expand minority business opportunities • Exception To Bid policies <p>[Status: Convening July 2018]</p>	<p>Tracking city-wide attainment has to include the departments and staff who do the work. Business owners should be part of the discussion as well. Innovation requires collaboration and a focus on users.</p>
Re-Brand City Inclusion Programs	<p>Develop outreach and messages that invite new businesses to bid on city contracts, and show examples of success for a wide range of businesses of color. Focus group with businesses about proposed new contracting strategies.</p> <p>[Status: RFP Issued & Proposals In Review]</p>	<p>Several stakeholders and many survey respondents felt the city needed to show more examples of successful contractors and reflect the businesses we want to work with. Sharing success and a clear path to contract opportunities is a good way to build future city contractors.</p>

Our team’s work is ongoing and will continue beyond our engagement with the City Accelerator. We look forward to sharing future successes and building new ways to increase equity for Milwaukee businesses. Thank you again for your support of this important project.