



**2013 Annual Small Business Enterprise
Program Utilization Report**

City of Milwaukee
Department of Administration
Business Operations Division
Office of Small Business Development

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Introduction

The City of Milwaukee's Office of Small Business Development (OSBD) is a multi-faceted direct service provider. The Office of Small Business Development staff has developed a communication network with each of the City's contracting departments to ensure that the opportunities in commodity procurement, construction, service orders and professional services are available to small and emerging businesses.

We work to enhance the small business community by maximizing support services, contract opportunities, and financial resources to compete in the public and private sector markets. The OSBD Program was created to assist and protect the interest of emerging and small business concerns. We take steps to promote and encourage full and open competition in the City of Milwaukee so emerging businesses may successfully compete in a free market as independent business owners. We also work to establish mentor-protégé relationships between small businesses and those businesses in the mainstream marketplace.

As presented in the Milwaukee Code of Ordinances, Chapter 370 requires that the Office of Small Business Development review Small Business Enterprise (SBE) Program participation progress in the City's contracting and procurement activities and annually submit a written report to the Mayor and Common Council. Therefore, the Office of Small Business Development is pleased to present a comprehensive report of Chapters 355 and 370 progresses as of December 31, 2013.

This report will also highlight the SBE Program efforts relative to technical and financial assistance to small businesses through the Revolving Loan Program. Finally, it will illustrate the City's 2013 SBE participation achieved on contracting and procurement activities, private development projects in which the City has made some contribution, as well as a 7 year historical snapshot of small business participation achieved.

The data contained in this report was compiled by the Office of Small Business Development with assistance from the following City contracting departments, as required by Chapter 370:

- Department of Administration - Business Operations Division– Procurement Services Section
 - Department of Public Works
 - Department of Neighborhood Services
 - Fire and Police Departments
 - Milwaukee Public Libraries
 - Port of Milwaukee
 - Department of City Development – Housing Authority of the City of Milwaukee
 - Department of City Development – Real Estate & Development Services
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History of City Ordinances

Chapter 360 | The Emerging Business Enterprise (EBE) Program was enacted in 1989, through Chapter 360 of the Milwaukee Code of Ordinances. The EBE Program, formerly known as the Disadvantaged Business Enterprise (DBE) Program, was created to assist and protect the interests of individuals who are disadvantaged and small business concerns in order to promote and encourage full and open competition in the City of Milwaukee. Chapter 360 of the Milwaukee Code of Ordinances was revised in 2002 to utilize city-certified EBEs in all contracting activities by approving an annual 18 percent EBE utilization requirement for each contracting department, and all other operating departments.

Chapter 355 | On March 25, 2009, the City of Milwaukee adopted substitute Ordinance 080218, Chapter 355 of the Milwaukee Code of Ordinances, which became effective on August 10, 2009. Chapter 355 pertains to city development projects awarded at least one million dollars in combined financial assistance from the City of Milwaukee, without any exclusion based on the development project being a turnkey project. Its implementation was framed to serve three purposes:

1. Increase participation of City residents in Public Works contracts
2. Create new employment opportunities and increase community participation on City development projects.
3. Aid in the area of workforce development.

This city ordinance increased the level of EBE and City resident participation on certain City development and Public Works contracts respectively, and created new programs such as the First Source Employment Program. As a result, the EBE Program office, which had historically been vested as a disadvantaged business certification program, now plays an essential role in local workforce development

Chapter 370 | In 2009/2010, the City of Milwaukee conducted a disparity study to examine its efforts in procuring the services of minority, and women owned businesses. The disparity study showed that there was a statistically significant disparity that existed among minority and women owned businesses and following the recommendations from the disparity study, the Common Council created Chapter 370.

This city ordinance implemented the recommendations of the city's disparity study by redesigning the Emerging Business Enterprise (EBE) Program to a Minority, Woman and Small Business Enterprise (MWSBE) program. The Emerging Business Enterprise program office transitioned into the Office of Small Business Development (OSBD) to further implement and oversee the programmatic changes.

Pursuant to Chapter 370 of the Milwaukee Code of Ordinances, the City of Milwaukee required each contracting department to utilize minority, woman and small business enterprises for the following percentage of the total contracting

dollars, through prime contracts or subcontracts, annually expended on construction, the purchase of goods and services and professional services:

I. CONSTRUCTION: 25%

Category	Goal
MBE	5.64
- <i>AFRICAN AMERICAN</i>	5.57
- <i>ASIAN AMERICAN</i>	.07
WBE	7.31
SBE	12.05

II. GOODS AND SERVICES: 25% (INCREASE FROM 18%)

Category	Goal
MBE	3.40
- <i>HISPANIC AMERICAN</i>	3.23
- <i>NATIVE AMERICAN</i>	.17
WBE	17.09
SBE	4.59

III. PROFESSIONAL SERVICES: 18%

Category	Goal
SBE	18%

In February and November 2013, portions of Chapter 370 of the Milwaukee Code of Ordinances were suspended and repealed respectively, removing the race and gender conscious programs (minority and women business enterprise) and maintaining the race and gender neutral small business enterprise program. Additionally, in November 2013, the 4-county area restriction was removed, opening up certifications to businesses located in the contiguous United States. Lastly, the "Disadvantage with Respect to Business Training" was also removed as criteria for businesses seeking new or renewal certification. City contracting departments are required to utilize small business enterprises for the following percentage of the total contracting dollars annually expended on construction, the purchase of goods and services and professional services:

- Construction Contracts: 25%
- Goods and Services Contracts: 25%
- Professional Services Contracts: 18%

All participation data included in this report will be reflective of the aforementioned legislative changes and will reference SBE utilization.

OSBD Programmatic Objectives and Outcomes

The Office of Small Business Development provides ongoing technical assistance services to small businesses, which includes, but is not limited to the following:

Annual Small Business Sustainability Conference

For the past five years, the OSBD has convened the Annual Small Business Sustainability Conference at ManpowerGroup Headquarters. The annual conference provides a venue for learning workshops and business connections for nearly 100 representatives of emerging Milwaukee area small businesses. A major objective of this free, half-day conference is to offer critical technical assistance to small businesses interested and committed to doing business with the City of Milwaukee. Key topics covered include: succession planning; franchising; accessing business with city government and large corporations; estimating and bidding; and business matchmaking. To complement the efforts of the conference and highlight the successes of the entrepreneurial community, in 2012, the OSBD partnered with Mosaic Communications, a local SBE marketing firm, to formalize Milwaukee Small Business Week. MSBW offers a multitude of events and activities geared towards celebrating and strengthening the small business community.

Revolving Loan Program

The Revolving Loan Program offers low interest financial assistance to eligible certified firms located in the city of Milwaukee that are awarded a City of Milwaukee, Milwaukee Area Technical College, Milwaukee Metropolitan Sewage District, or Milwaukee Public School contracts. The maximum loan amount can be up to 25% of the contract or \$35,000, with an interest rate of 5%. The loan must provide documented benefits to the local community, such as neighborhood stability through job creation and retention. The loan may be requested to assist with cash flow, purchase of inventory and increase workforce. It may not be used to repay previous debts, such as unpaid local or Federal taxes.

The goal of this program is to ensure that certified firms who secure City contracts, have the financial assistance needed to successfully fulfill their contractual obligations. SBE certified businesses are encouraged and guided to establish a positive credit record, so their organization can become bankable with traditional commercial lending institutions.

In 2013, six (6) loans were granted, valued at \$201,809, which assisted in the creation of 15 jobs. Historically, the jobs that have been created serve low-income populations since the participant businesses that receive these loans are located in the City of Milwaukee. The efforts of the certified firms that secure Revolving Loans contribute to an increase in the City's quality of life and provide economic vitality to distressed areas.

REVOLVING LOAN PROGRAM DISTRIBUTION 2002-2013

Year	# of Loans	Total Value	Interest Income Collected	# of Jobs Created
2002	4	\$143,820.56	\$3,820.56	20
2003	1	\$35,955.14	\$955.14	24
2004	7	\$246,962.66	\$4,567.60	23
2005	4	\$82,354	\$2,305.86	10
2006	3	\$85,409.42	\$2,039.52	14
2007	3	\$81,447	\$1,984.21	16
2008	1	\$24,948	\$827.12	5
2009	3	\$76,006.25	\$1,862.47	21
2010	8	\$198,221.63	\$9,911.08	13
2011	4	\$111,223	\$5,561.15	20
2012	6	\$171,445	\$7,883.22	27
2013	6	\$201,809	\$7501.53	15

Business Capacity Building Program

In 2008, the Common Council, via File No. 071618, authorized the Department of Administration to develop a program to build the capacity of SBE firms and/ or provide workforce training on Phase I of the North End Development project and, in 2012, with a \$250,000 allocation of Tax Incremental Financing funds, the Department of Administration launched the Business Capacity Building Program. The City of Milwaukee's Business Capacity Building Program (BCBP) was designed to mentor and promote existing City certified small businesses actively engaged on the North End Project and ensure full opportunity for participation by emerging firms on future public works and private sector development projects. The goals of the program were to prepare small businesses for sustainable growth that is measured by increased business revenue, new employment opportunities and job creation.

The program was a yearlong engagement (June 2012 to May 2013) that guided participants through an in-depth business assessment that resulted in a personalized plan for business growth. One-on-one coaching, networking and training sessions were in place to support participants in achieving the goals they set for their business.

Upon successful completion of the program, firms were equipped to move forward with a workable plan for their business that included: tactics to leverage and market their business, tools to financially manage business growth, and a new mindset on leading, managing and developing talent. Participants also qualified for a \$25,000 grant, later increased to \$40,000, to further support their business in the implementation of the goals set throughout the program.

In 2013, the Business Capacity Building Program concluded with 3 SBE firms successfully completing all program components: JCP Construction, Maures Development Group and PL Freeman Co. A complete program presentation and summary of results was placed on file September 2013 (File No. 130421) and a final program summary report was confirmed March 2014 (File No. 131527).

Below is a summary of milestones and successes:

- Achieved over 95% program participation.
- 5 new employees hired
- Improved business infrastructures
- Projected \$7 million in revenue generation equal to 14 new contracting opportunities by 2015
- Projected 15 new hires by 2015
- Effective Business and Personal Coaching
- Program cost savings of approximately \$25K

The full extent of the business' projected growth and success is not immediate and will therefore be evaluated over the next two years through post assessment quarterly engagements sessions and data gathering touch points. A full report summarizing the data gathering efforts is expected in 2015.

Private Development Projects

The Office of Small Business Development is responsible for monitoring Small Business Enterprise participation on private development contracts that receive City financial assistance which includes: \$1 and below market land sales, grants and loans for brownfield remediation, tax incremental financing and infrastructure improvements. Terms of the participation requirements are codified in an SBE agreement or Human Resources agreement between the Developer and the City.

Below is a chart summarizing SBE participation of projects completed in 2013:

SBE Participation on Development Projects Completed in 2013

PROJECT	SBE GOAL	ACTUAL	OVERALL PROJECT \$	\$ PAID TO SBE FIRMS	RPP ACHIEVED	RPP WORKERS	APPRENTICES
BRADLEY PLACE	18%	8%	\$4,513,827	\$375,691	-	-	-
BREWERY POINT APARTMENTS	18%	30%	\$5,958,688	\$1,770,847	-	-	-
AUTUMN WEST	21%	19%	\$2,668,272	\$508,218	-	-	-
JF AHERN	25%	26%	\$4,167,723	\$1,079,833	29%	43	10
NORTHSIDE NEIGHBORHOOD INITIATIVE	25%	25%	\$5,702,689.00	\$1,425,672	-	-	-
LINDSAY NSP	25%	31%	\$5,486,720	\$1,721,478	-	-	-
PABST BREWHOUSE	18%	21%	\$11,985,900	\$2,487,880	-	-	-
KING DRIVE COMMONS IV	25%	25%	\$7,415,957	\$1,853,989	-	-	-

Contract Compliance Software

In 2011, the City of Milwaukee purchased B2Gnow, a proprietary compliance monitoring software which electronically monitors SBE utilization on formal contracts valued above \$25,000. The Compliance and Certification Software (CRCS) allows SBE firms to electronically verify contract payments and communicate with OSBD staff regarding certification and compliance issues. Additionally, the software provides an enhanced online directory of SBE firms as well as an online self-certification and directory for the City's Housing and Urban Development (HUD) Section 3 Program.

Small Business Enterprise Certification

Annually, the Office of Small Business Development is responsible for processing more than 100 requests for SBE certification, both new and renewal applications. In addition, there is a third party consultant contract that exists to ensure the integrity of the SBE Program. Below is an overview of SBE certification efforts in 2013:

28 New firms were certified - 19 of the new firms were certified "in house", saving the City of Milwaukee \$12,825 in SBE certification processing expenses.

64 firms renewed certification - All of the renewal certification applications were completed "in house", saving the City of Milwaukee \$24,000 in SBE application processing expenses.

Also, detailed below is a chart which identifies the demographics of our 2013 pool of 284 SBE certified firms:

Ethnicity	Total	Percentage
African American	109	38%
Asian American	23	8%
Caucasian	94	33%
Hispanic	46	16%
Native American	12	4%

Gender	Total	Percentage
Male	179	63%
Female	105	37%

Small Business Enterprise Utilization

The City of Milwaukee has two major contracting departments: the Department of Public Works (DPW) and the Department of Administration – Business Operations Division - Procurement Services Section (DOA-BOD-PSS). DPW is responsible for ensuring that the infrastructure of the City of Milwaukee is functional, such as the maintenance of streets and bridges, traffic signals and street lighting. In addition, DOA – PSS is responsible for acquiring commodities and services for City Departments. It's important to note that the majority of SBE firms are certified in construction related trades, while the majority of the contracting that is done by DOA-PSS, on behalf of all City Departments typically involves procuring items and services in which there are no SBE certified firms that can actively participate on such contracts.

2013 Construction Contracts \$78,063,503

	Goal	Actual	Dollar Amount
SBE	25%	23%	\$17,568,431

2013 Goods & Services Contracts \$ 108,583,155

	Goal	Actual	Dollar Amount
SBE	25%	7%	\$7,645,962

2013 Professional Services Contracts \$14,367,481

	Goal	Actual	Dollar Amount
SBE	18%	9%	\$1,291,094

The aforementioned variations in SBE participation percentages can be attributed to the lack of or abundance of certified firms available to provide a specific commodity or service.

The chart below provides a historical perspective of the annual participation rates achieved since 2007. However, because of the structural changes to the City's certification program, it is difficult to compare the overall achievement of the SBE and former EBE and MWSBE programs. Hence, the Small Business Enterprise certification program is more consistent with the former structure.

The achieved EBE, MWSBE and SBE rates for 2007 through 2013 are as follows:

Contract Year	EBE Rate	Achieved EBE Rate
2007	18%	16%
2008	18%	19%
2009	18%	15%
2010	18%	19%
2011	18%	16%

Contract Year	MWSBE Rate	Achieved MWSBE Rate
2012	25% Construction	19.55%
	5.64% - MBE	6.80%
	7.31% - WBE	5.45%
	12.05% - SBE	7.30%
	25% Goods & Services	12.15%
	3.40% - MBE	.16%
	17.09% - WBE	0%
	4.59% - SBE	11.99%
	18% Professional Services	.02%

Contract Year	SBE Rate	Achieved SBE Rate
2013	25% Construction	23%
	25% Goods & Services	7%
	18% Professional Services	9%

Conclusion

Overall in 2013, the City of Milwaukee achieved a 23% participation rate for construction contracts, 7% participation rate for goods and services contracts and 9% participation rate for professional service contracts. The City of Milwaukee has made great strides in attempting to close the gap in support of creating opportunities for small businesses to play a stronger role in doing business with the City. It's important to note that there are still challenges. The most critical challenge is the lack of small emerging firms certified to provide the following services or products such as:

- Chemicals needed for our water purification system
- Light duty Vehicles
- Heavy Equipment
- Specialized vehicle equipment needed for police cars
- Complex IT systems software development and maintenance

However, by working together, City departments can begin to unbundle projects by examining the overall scope of work, to identify where SBE participation can be required, as well as aiding in the business solidification efforts of SBE firms. Additionally, strengthening external partnerships with local ethnic chambers of commerce and community organizations that emphasize entrepreneurship and economic development, will aid the City in its efforts to support and sustain small business growth.

The Office of Small Business Development, in conjunction with City departments, has worked to increase the level of SBE participation on contracts where there are more than 3 SBE certified firms that can deliver the particular commodity or service. Requiring higher SBE participation on contracts in areas where SBE firms can have more significant roles has allowed SBE firms to serve as prime contractors. Below is a list of SBE firms that secured Prime Contract opportunities with the City of Milwaukee in 2013:

- A&G Services
 - Abaxent, LLC
 - All Season Lawn Care & Landscaping
 - Alpha & Omega Consulting, LLC
 - Anderson Landscape & Maintenance
 - Arteaga Construction
 - Belonger Corporation
 - C&M Construction & Painting, LLC
 - CableCom, LLC
 - Cisco Distributing
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- Clean Rite Supply, Inc.
 - CPC₁, LLC.
 - Dairyland Electric
 - Dakota Intertek Corp.
 - EJ Waldron Trucking
 - FAQ Home Improvement
 - Get Home Improvement
 - Goldfish Uniforms
 - Heartland Information Research, Inc.
 - Heritage Ready Mix
 - JF Cook Co, Inc.
 - JP Landscaping
 - Nutshell Enterprises
 - OGC Construction
 - Power Contractors
 - Price & Sons
 - Right Choice Janitorial Supply, LLC.
 - Right Price Home Improvement
 - Rodriguez Landscape
 - Royalty Roofing
 - Sonag Company
 - Superior Support Resources
 - Syslogic, Inc
 - TKK Electronics

Over the years, the structure of the City's program that is designed to assist small businesses has evolved in an effort to ensure that the City of Milwaukee continues to be supportive of the small business community. Ch. 370 provides policymakers with the flexibility to make adjustments to the goals set forth for small business programming as needed. The City illustrates its commitment to creating contracting opportunities for emerging small businesses and, with constant internal and external dialogue and transparency, the City will continue to work towards policies that create economic opportunities for all.
