

DEPARTMENT OF PUBLIC WORKS

ANNUAL REPORT

for the

CITY OF MILWAUKEE

RESIDENTS PREFERENCE PROGRAM

November 2006

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SUMMARY STATEMENT

Section 309-41 of the Milwaukee Code of Ordinances requires that the Department of Public Works (DPW) submit an annual report to the Common Council summarizing the results of the previous year's Resident Preference Program activities.

The Resident Preference Program began in 1991. It mandates that a set percentage of all labor hours worked on Department of Public Works' formal public improvement contracts be performed by residents of a designated area of the city. The designated target district corresponds to the City's Community Development Block Grant Area.

Since 1991, steady progress has been made employing target area residents on Public Works projects. From a modest start of 14.6% of the total hours worked on DPW contracts during the last quarter of 1991, target resident participation has grown to 32.3% for those 2005 DPW contracts fully closed out to date. Target resident participation in DPW contracts has more than doubled since the program's inception. **The 2005 results are the best achieved to date.**

The following pages contain summary data covering the life of the Residents Preference Program. As this information illustrates, the Department of Public Works has, in the aggregate, always exceeded required participation levels. The required minimum percentage has been increased twice since the beginning of the program, starting at 14% in 1991 and rising to the current 25% in 1997.

The following pages also contain historical information regarding the certification of resident workers. The data shows that new people are regularly being added to the list of eligible participants. This demonstrates that the program is not static but rather achieves one of its primary objectives, that being the constant turnover of participants.

DPW has always partnered with community agencies to assist contractors in finding qualified resident workers. Initially the Central City Workers' Center performed this service. When it disbanded, Esperanza Unida stepped in. In 2003, the Milwaukee Urban League joined Esperanza Unida in providing resident certification services for the community. Late in 2004, Big Step Inc. also began providing resident certification services.

DPW keeps track of the contract dollars flowing to target area residents as a percentage of the total wages paid on a project. In the past, wages paid to target area residents were shown in comparison to the total cost of the project. When viewed that way, it generally appeared the overall amount of wages going to target residents was disproportionately low. That's because the cost of a typical contract includes more than just wages. Contract amounts also include the cost of materials, overhead, and profit. For 2005 closed contracts, wages paid to target residents equaled 30.3% of total wages

paid. This is just slightly less than the 32.3% of total contract hours worked by target residents. This suggests that target residents may have been more concentrated in lower paying jobs than their non-target colleagues. But even if true, this situation does not appear to be overly significant given the relatively close relationship between hours worked (32.3% of the total) and wages received (30.3% of the total).

With this report DPW is, for the first time, also reporting the results of our efforts to involve apprentices in public works contracts. For those 2005 contracts closed as of the reporting date, 50 apprentices had worked on the various job sites. Thirty eight percent of the individual apprentices were members of minority groups. However, over 51% of the apprenticeship hours worked were by minorities. In addition, just over 48% of the apprenticeship hours worked were by residents of the target area. DPW has made a concerted effort to bring apprentices into our public works contracts by mandating apprentice participation on all contracts where there are opportunities to do so.

2005 RESIDENT PREFERENCE PROGRAM SUMMARY DATA

Department of Public Works Contracts

2005 Formal Construction Contracts	132
2005 Contracts Closed as of 11/21/06	44 ¹
Overall Resident Participation in Closed Contracts	32.3%
2005 Contracts with No Resident Requirement	20
2005 Contracts with RPP Requirement <25%	2
2005 Closed Contracts not meeting RPP Requirement	7 ²
2005 Closed Contracts with Actual Performance >30%	20
Total Amount of 2005 Formal Construction Contracts	\$ 50,100,601
Total Amount with <25% Resident Requirement	\$ 8,727,143 ³
% Contract Dollars with <25% Resident Requirement	17.4%

Resident Participation Summary

<u>Year</u>	<u>Required %</u>	<u>Actual %</u>	<u>Total Contracts</u>	<u>Contracts Closed</u>
1991	14%	14.6%	26	26
1992	14%	18.5%	210	210
1993	21%	21.3%	179	179
1994	21%	22.3%	197	197
1995	21%	25.4%	190	190
1996	21%	22.8%	190	190
1997	25%	26.2%	186	186
1998	25%	27.5%	187	187
1999	25%	27.6%	147	147
2000	25%	30.4%	127	127
2001	25%	26.1%	119	117
2002	25%	28.8%	136	132
2003	25%	27.4%	144	129
2004	25%	31.1%	143	120
2005	25%	32.3%	132	66

¹ Includes only those closed contracts for which there was an RPP requirement.

² Includes only those contracts for which there was an RPP requirement.

³ 64.4% of this amount went to State funded contracts for which the City was prohibited from imposing RPP requirements.

Certification of Resident Workers

Total Resident Workers Certified (1991 through 11/21/06)	2,413
Total Resident Workers Eligible as of 11/21/06	2,185

New Resident Workers Certified by Year

<u>Year</u>	<u>New Certified Workers</u>
1997	161
1998	205
1999	161
2000	136
2001	107
2002	112
2003	205
2004	202
2005	166
2006 (thru 11/21/06)	213

The 213 residents certified to participate in the Resident Preference program in during the first 11 months of 2006 is an all time high for the program. In general, the last few years have seen more residents signing up for the Residents Preference Program than was the case in the late 1990s. The reasons for the recent increase in enrollment are probably twofold. First, prior to 2003 the only outside certification agency in the city was Esperanza Unida. In 2003 the Milwaukee Urban League began certifying people to participate in the program while toward the end of 2004 Big Step also started doing certifications. Thus there are now near north side, near west side, and near south side certifying agencies. Second, the difficult economy over the last few years probably means there are more people than ever in need of employment. While becoming certified to participate in the Resident Preference Program does not guarantee anyone a job, it at least opens up some potential opportunities.

CONTRACTS REQUIRING LESS THAN 25% RESIDENT PARTICIPATION

In 2005 there were 132 formal construction contracts entered into by the Department of Public Works. Twenty two of these formal contracts had resident participation requirements of less than 25%. In each case, the decision to reduce the normal resident participation requirement was either imposed upon the Department or was made after discussions with the Department's contracting division concerning the type of work involved in the project. Whenever the resident participation requirement was set below 25%, it was done so for one or more of the following reasons.

1. The work involved was highly specialized requiring skills and experience not represented on the list of eligible workers and not likely to be found in the population of such potential workers. An example of this situation was the contract for water main joint rehabilitation. Experienced technical workers were required.
2. The contract was primarily for the purchase of equipment or materials. In either of these situations, the contract would result in relatively few, if any, labor hours. For instance, the Department awarded two contracts for prefabricated structures to be erected at City facilities. Almost all of the contract value for these two contracts was in the prefabricated structures.
3. No local contractors performed the type of work required meaning that the contractor selected to perform the work would not be from this area. An example is the Department's annual contract for seal coating various city streets. A new method of seal coating has been used in recent years. This method is only performed by contractors located outside the Milwaukee area. The company that won the seal coating contract is from DeForest, Wisconsin. Unique equipment and specially trained personnel are required to undertake the seal coat operation. There is no potential for local, newly hired employees to work on this contract.
4. The project was funded either totally or in large part from a source other than the City. When non-City grant funds are used for public improvements, the grantor generally prohibits the City from imposing economic development requirements that exceed the standards and requirements of the grantor. For example, the City received a State grant to undertake streetscaping work on Wisconsin Avenue. The State does not have a resident participation program and would not let the Department impose its program while utilizing grant funds. This category represents the largest dollar value of exceptions to the Department's normal resident participation standards. In 2005, projects with a total contract value of \$5,620,280 were not subject to the resident participation program because they were grant funded. This represents almost two thirds of the overall value of those contracts for which the normal requirements were not imposed. If the Department had not been restricted by grant regulations, only about 6% of the contract dollars awarded in 2005 would have been exempt from the 25% resident participation requirement.

5. The contract is for services that will be provided on an unpredictable schedule if at all. The best example is snow plowing. The department signs up several small, independent snow plowing contractors to help out when the city experiences a major snow event. These small contractors generally have very few employees. Requiring them to meet RPP standards for work that is uncertain at best would not be realistic.

JOB CLASSIFICATIONS OF RESIDENT WORKERS – 2005

For the 44 2005 contracts that had RPP requirements and were closed out as of 11/21/06, the following jobs were filled by participants in the Residents Preference Program¹.

<u>Job Classifications</u>	<u>Number of Contract Jobs</u>
Asbestos worker	5
Bituminous Lute Man	25
Bituminous Utility Man	17
Bottom Man	6
Cement Finisher	1
Fence Builder	2
Finisher	12
Foreman	9
Installer	1
Laborer	112
Landscaper	1
Mason	21
Operating Engineer	42
Raker	1
Roofer	7
Top Man	112
Truck Driver	80
Total:	17 Classifications
	454 Contract Jobs

¹ In 2004 there were a total of 143 contracts let by the Department of Public Works. The numbers shown on this exhibit necessarily do not include jobs associated with the 84 contracts still open as of 9/30/05.

UNEMPLOYMENT DATA

(Comparison of 2004, 2005, & 2006 rates)

	<u>July 2004</u>	<u>August 2005</u>	<u>September 2006</u>
United States	5.5%	4.9%	4.5%
State of Wisconsin	4.7%	4.6%	4.7%
Metro Milwaukee Area	5.0%	4.8%	4.7%
City of Milwaukee	8.7%	7.1%	6.7%
CDBG Area ¹	20.1%	16.4%	15.5%

¹ Block Grant Area unemployment numbers are estimates based upon the relationship between Citywide and CDBG Area rates in 2000. The 2000 census was the last time the actual unemployment rate for the Block Grant Area was measured.

SUMMARY OF TARGET AREA HOURS WORKED ON RESIDENCE PREFERENCE PROGRAM CONTRACTS FOR LPW - 2005

CONTRACTOR	CONTR. NO.	TARGET AREA RES. HOURS	% OF TARGET RES. HOURS	TOTAL MILW. RES. HOURS	% OF MILW. RES. HOURS	TOTAL NON-RES. HOURS	% OF NON-RES. HOURS	GRAND TOTAL HOURS	TOTAL CONTRACT AMOUNT	TOTAL LABOR DOLLARS PAID	TARGET AREA DOLLARS PAID
		HOURS	HOURS	HOURS	HOURS	HOURS	HOURS	HOURS			
WESTERN WATERPROOFING	C050001	104.50	15.1%	108.50	15.7%	583.00	84.3%	691.50	\$109,450	\$27,131	\$3,558
AMERICAN SEWER	C050002	1,109.50	42.8%	1,342.50	51.7%	1,251.75	48.3%	2,594.25	\$378,809	\$100,468	\$43,801
M.J. CONSTRUCTION	C050004	856.25	25.2%	1,223.00	35.0%	2,173.75	64.0%	3,396.75	\$449,233	\$124,556	\$28,943
PIONEER ROOFING	C050005	609.00	100.0%	609.00	100.0%	0.00	0.0%	609.00	\$68,680	\$16,439	\$16,439
CUDAHY ROOFING	C050006	42.50	29.6%	42.50	29.6%	101.00	70.4%	143.50	\$42,825	\$5,355	\$1,278
M.J. CONSTRUCTION	C050008	840.50	27.7%	1,102.25	36.4%	1,928.00	63.6%	3,030.25	\$444,217	\$114,951	\$30,367
STRUCK & IRWIN PAVING	C050010	0.00	0.0%	0.00	0.0%	1,124.50	100.0%	1,124.50	\$174,528	\$45,361	\$0
AMERICAN SEWER	C050011	1,033.00	41.9%	1,228.50	49.8%	1,239.75	50.2%	2,468.25	\$322,761	\$87,131	\$38,737
INTERSTATE SEALANT	C050012	475.50	19.3%	689.50	28.0%	1,777.00	72.0%	2,466.50	\$141,975	\$79,647	\$15,028
PAYNE & DOLAN	C050013	119.25	25.0%	262.25	54.9%	215.25	45.1%	477.50	\$154,378	\$19,603	\$4,547
M.J. CONSTRUCTION	C050014	963.75	33.2%	1,072.75	36.9%	1,833.75	63.1%	2,906.50	\$385,653	\$114,957	\$37,196
AMERICAN SEWER	C050018	1,603.00	42.0%	1,994.50	52.3%	1,818.50	47.7%	3,813.00	\$903,384	\$148,751	\$62,284
UNITED SEWER & WATER	C050019	532.75	25.2%	588.50	27.8%	1,529.75	72.2%	2,118.25	\$406,052	\$78,046	\$17,944
M.J. CONSTRUCTION	C050021	512.75	37.9%	647.00	47.9%	705.00	52.1%	1,352.00	\$212,290	\$58,770	\$27,847
RAWSON CONTRACTORS	C050025	1,703.75	38.4%	2,344.00	52.8%	2,098.25	47.2%	4,442.25	\$600,000	\$173,595	\$68,971
M.J. CONSTRUCTION	C050026	555.75	25.8%	904.75	42.0%	1,250.25	58.0%	2,154.50	\$458,426	\$80,557	\$20,821
AMERICAN SEWER	C050028	1,727.50	35.6%	2,177.00	44.9%	2,669.00	55.1%	4,846.00	\$944,714	\$294,980	\$70,729
AMERICAN SEWER	C050029	973.25	43.5%	1,059.00	47.3%	1,178.50	52.7%	2,297.50	\$340,517	\$85,442	\$37,330
COLFAX CORPORATION	C050030	361.50	23.1%	511.50	32.7%	1,053.00	67.3%	1,564.50	\$130,800	\$60,555	\$12,250
AMERICAN SEWER	C050033	606.25	29.8%	837.75	41.2%	1,194.00	58.8%	2,031.75	\$725,943	\$82,310	\$22,064
J.F. COOK	C050034	30.75	22.9%	38.75	28.9%	95.25	71.1%	134.00	\$51,390	\$4,630	\$955
M.J. CONSTRUCTION	C050035	981.75	25.5%	1,416.75	36.8%	2,433.75	63.2%	3,850.50	\$721,009	\$145,056	\$34,942
AMERICAN SEWER	C050038	536.50	23.9%	786.00	35.0%	1,462.25	65.0%	2,248.25	\$973,039	\$84,042	\$19,820
KPH CONSTRUCTION	C050043	427.50	68.6%	490.25	78.6%	133.25	21.4%	623.50	\$59,320	\$19,330	\$12,815
UNITED SEWER & WATER	C050044	276.75	27.1%	276.75	27.1%	746.25	72.9%	1,023.00	\$173,372	\$38,083	\$9,666
MILWAUKEE GENERAL	C050047	589.75	39.6%	984.00	66.0%	506.75	34.0%	1,490.75	\$214,417	\$51,342	\$18,835
NORTHWAY FENCE	C050049	117.50	37.0%	127.00	40.0%	190.75	60.0%	317.75	\$18,520	\$11,789	\$4,317
AMERICAN SEWER	C050051	1,145.50	31.7%	1,646.00	45.5%	1,967.75	54.5%	3,613.75	\$629,880	\$138,253	\$43,022
AMERICAN SEWER	C050053	627.00	33.5%	837.00	44.8%	1,033.25	55.2%	1,870.25	\$343,150	\$71,466	\$23,185
RAWSON CONTRACTORS	C050054	661.25	42.2%	669.25	42.7%	899.00	57.3%	1,568.25	\$299,015	\$52,188	\$24,478
ARROW-CRETE CONSTRUCTION	C050055	475.00	24.2%	595.00	30.3%	1,365.75	69.7%	1,960.75	\$210,506	\$78,381	\$18,661
M.J. CONSTRUCTION	C050058	824.00	28.0%	1,336.50	45.4%	1,605.50	54.6%	2,942.00	\$663,504	\$109,280	\$29,865

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		HOURS	HOURS	HOURS	HOURS	HOURS	HOURS	HOURS	HOURS		
M.J. CONSTRUCTION	C050059	1,010.50	25.1%	1,240.50	30.8%	2,790.50	69.2%	4,031.00	\$910,418	\$142,536	\$33,727
UNITED SEWER & WATER	C050063	924.50	32.1%	969.25	33.7%	1,909.75	66.3%	2,879.00	\$664,592	\$107,238	\$31,624
AMERICAN SEWER	C050066	1,082.75	42.7%	1,432.25	56.4%	1,106.25	43.6%	2,538.25	\$485,871	\$96,146	\$41,038
PAYNE & DOLAN	C050067	366.75	23.9%	636.75	41.4%	900.00	58.6%	1,536.75	\$157,557	\$57,098	\$11,621
GENERAL PIPE SERVICE	C050069	1,605.58	36.4%	1,747.33	39.6%	2,663.50	60.4%	4,410.83	\$424,976	\$110,075	\$40,061
ZENITH TECH	C050077	380.75	38.1%	718.25	71.8%	282.25	28.2%	1,000.50	\$97,580	\$38,854	\$13,243
PETROLEUM EQUIPMENT	C050079	86.00	25.8%	96.00	28.8%	237.50	71.2%	333.50	\$40,000	\$11,242	\$3,036
PETROLEUM EQUIPMENT	C050080	66.50	26.6%	73.50	29.4%	176.50	70.6%	250.00	\$40,000	\$10,589	\$2,367
VISU-SEWER CLEAN & SEAL	C050082	49.00	13.9%	85.75	24.4%	266.25	75.6%	352.00	\$120,839	\$12,087	\$1,143
UNITED SEWER & WATER	C050086	402.50	35.0%	402.50	35.0%	748.75	65.0%	1,151.25	\$176,785	\$39,728	\$10,330
PETROLEUM EQUIPMENT	C050094	74.50	29.7%	91.75	36.5%	159.50	63.5%	251.25	\$40,000	\$10,148	\$2,685
UNITED SEWER & WATER	C050113	156.00	26.8%	156.00	26.8%	425.50	73.2%	581.50	\$60,695	\$21,351	\$5,433
TOTAL		27,629	32.3%	35,598	41.7%	49,830	58.3%	85,427	14,971,070	3,259,537	987,003

APPRENTICE TOTALS FOR 2005 CONTRACTS

	Hours	Race				Gender		Trade	Company	Target Res
		Black	Hispanic	White	Asian	Male	Female			
1	70.75		70.75			70.75		Cement mason	Zenth Tech	70.5
2	17.25			17.25		17.25		Operator	Payne & Dolan	
3	15.25				15.25	15.25		Operator	Payne & Dolan	
4	40.50	40.5				40.5		Roofing	Midwestern Roofing	40.5
5	3.00				3	3		Laborer	Payne & Dolan	
6	7.50			7.5		7.5		Laborer	Payne & Dolan	
7	208.50			208.5		208.5		Operator	United Sewer & Water	
8	21.00			21		21		Operator	United Sewer & Water	
9	161.50	161.5				161.5		Laborer	M.J. Construction	161.5
10	4.50			4.5		4.5		Operator	Payne & Dolan	
11	4.50				4.5	4.5		Operator	Payne & Dolan	
12	16.00			16		16		Insulator	Express Insulation	
13	16.00			16		16		Insulator	Express Insulation	
14	65.00			65		65		Laborer	American Sewer	
15	50.00			50		50		Laborer	American Sewer	
16	16.00			16		16		Plumber	Gunau Co.	
17	63.50			63.5		63.5		Operator	United Sewer & Water	
18	10.00		10			10		Finisher	Platt Construction	
19	4.00	4				4		Laborer	Payne & Dolan	
20	43.00			43		43		Laborer	American Sewer	
21	43.00			43		43		Laborer	American Sewer	
22	17.00	17				17		Operator	Wm. Beaudoin & Sons	17
23	23.50			23.5		23.5		Laborer	American Sewer	
24	30.00			30		30		Laborer	American Sewer	
25	30.00			30		30		Laborer	American Sewer	
26	118.00			118		118		Operator	United Sewer & Water	
27	15.00			15		15		Laborer	American Sewer	
28	14.00			14		14		Laborer	American Sewer	
29	84.50			84.5		84.5		Operator	Arrow-Crete	
30	8.50			8.5		8.5		Operator	Payne & Dolan	
31	3.00				3	3		Operator	Payne & Dolan	
32	5.00			5		5		Laborer	American Sewer	
33	12.00			12		12		Laborer	American Sewer	
34	11.00	11				11		Laborer	M.J. Construction	11
35	54.00	54				54		Operator	Wm. Beaudoin & Sons	54
36	20.00			20		20		Laborer	American Sewer	
37	20.00			20		20		Laborer	American Sewer	
38	28.50			28.5		28.5		Laborer	American Sewer	
39	10.25			10.25		10.25		Operator	Payne & Dolan	

40	10.00									Operator	Payne & Dolan
41	8.50		8.5							Operator	Payne & Dolan
42	19.00				19					Laborer	Payne & Dolan
43	2.50			2.5		2.5				Laborer	Payne & Dolan
44	61.50	61.5				61.5				Mason	Payne & Dolan
45	3.50			3.5		3.5				Operator	Payne & Dolan
46	2.75				2.75		2.75			Operator	Payne & Dolan
47	160.00	160						160		Laborer	M.J. Construction
48	314.00	314						314		Laborer	M.J. Construction
49	15.00	15						15		Laborer	M.J. Construction
50	122.50	122.5						122.5		Laborer	M.J. Construction
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Totals	2104.3	961.0	89.3	1009.5	44.5	1320.3	784.0				
% of Hours Worked		45.7%	4.2%	48.0%	2.1%	62.7%	37.3%				

1012.5
48.1%

Number of Individual Apprentices (thru line 50)

Black	11	22.0%
Hispanic	3	6.0%
Pacific Asian	5	10.0%
White	31	62.0%
Total	50	
Men	44	
Women	6	
Target Area	10	