



Audit of Resident Participation in Development Agreements

AYCHA SAWA
City Comptroller

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City of Milwaukee, Wisconsin

June 2020

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Aycha Sawa, CPA, CIA
Comptroller

Joshua Benson
Deputy Comptroller



Toni Biscobing
Special Deputy Comptroller

Office of the Comptroller

June 19, 2020

Honorable Tom Barrett, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

The attached report summarizes the results of the Audit of Resident Participation in Development Agreements, administered by the Department of City Development (DCD) and the Department of Administration – Office of Small Business Development (OSBD). The audit assessed developers' compliance with requirements regarding the use of unemployed and underemployed city residents stipulated in the development agreements approved by the Common Council. The scope of the audit included development agreements with a resident participation requirement approved and completed January 1, 2015 through December 31, 2018.

The primary objectives of the audit were are follows:

1. Did the developer/contractor meet the residency target outlined in the agreement?
2. Were contractors grappling to meet Resident Participation Program required, by the OSBD, to provide a letter of explanation as well as a plan of action to increase RPP participation?
3. Are the developers' numbers reported to City Officials accurate?
4. Did the developer use LCPtracker to report residency participation?
5. Is the data readily available to City Officials?
6. Did the OSBD prepare and communicate an annual resident participation performance report?

Milwaukee Code of Ordinances §355-7 governs participation of city residents in development agreements. The City entered into six development agreements during the test period that included a resident participation requirement.

The audit concluded that four projects tested met the residency requirement set by the development agreement. Audit results also confirmed two projects did not meet the residency requirement; however, a letter of explanation as well as a plan of action to increase RPP participation were provided. While testing discovered some inaccuracies in the reporting, the errors did not impact the end result, however testing for one developer could not be performed due to incomplete workforce data provided to OSBD by the developer.

Lastly, the audit addressed concerns that policy makers and those charged with governance do not have the information needed to make educated and timely decisions regarding the resident preference program. During the audit, there was some difficulty in obtaining the information needed to conclude on the audit objectives. The audit makes three recommendations and three observations to resolve this issue. It should be noted that the OSBD had already taken steps to address some of the issues encountered during fieldwork. This is reflected in management's response.

Audit findings are discussed in the Audit Conclusions and Recommendations section of this report, followed by management's response.

Appreciation is expressed for the cooperation extended to the auditors by the staff of the Office of Small Business Development that provided information used to complete the audit.

Sincerely,

A handwritten signature in cursive script that reads "Charles Roedel".

Charles Roedel, CPA, CIA
Audit Manager

CR/dma



OBJECTIVES

The objective of the audit was to determine developers' compliance with the requirements regarding the use of unemployed or underemployed city residents stipulated in the development agreements approved by the common council.

BACKGROUND

The Department of Administration (DOA) is responsible for many of the centralized functions of the City of Milwaukee such as planning, policy and management. These functions provide assistance to the Mayor, Common Council and city departments. The DOA advocates to make Milwaukee one of the nation's most attractive cities to work, live and to conduct business by:

- Enhancing the ability of city agencies to provide high quality, valued services at a cost citizen can afford;
- Developing and recommending policies that protect the City's fiscal foundation; and
- Influencing state and federal policies that affect the City's ability to thrive.

Private development projects that obtain more than \$1 million in combined city financial assistance are required to provide employment for unemployed or underemployed residents, with a goal of 40% of total work hours. In 2017, RPP workers completed 625,480 hours of work or 46% of the total work hours on private development projects.

AUDIT REPORT HIGHLIGHTS

Audit of Resident Participation in Development Agreements

OVERVIEW

The audit results concluded that four projects tested met the residency requirement set by the development agreement; while two development projects tested did not. The development projects that did not meet residency participation requirements; one was a unique City-owned RACM development project, and the other project developer provided OSBD a letter of explanation as well as a plan of action to increase RPP participation. While testing discovered some inaccuracies in the reporting, the errors did not impact the end result, however testing for one developer could not be performed due to incomplete workforce data provided to OSBD by the developer.

This report makes **three** recommendations and **three** observations to address these issues, as summarized in the Recommendation Summary below. (Details on all recommendations and observations can be found in the Audit Conclusions and Recommendations section of this report.)

RECOMMENDATION SUMMARY

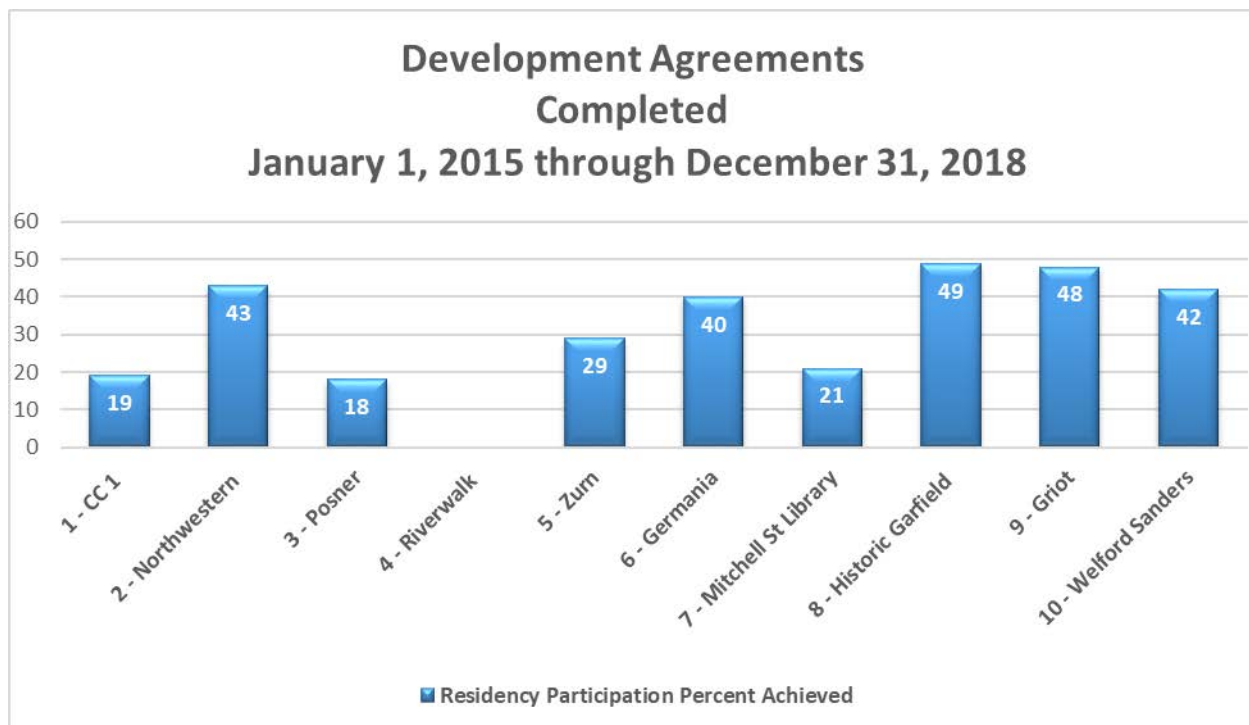
1. Management should consider exercising the audit clause as outlined in the Developer HR Agreement.
2. Obtain and retain workforce data to include supporting documentation required by policy makers to assist in the appraisal of the Resident Preference Program.
3. Prepare and communicate an annual resident participation performance report.

I. Audit Scope, Objectives, and Methodology

Scope

The audit examined resident participation in development agreements, as administered by the Department of City Development and the Office of Small Business Development. The scope of the audit included development agreements with a resident participation requirement approved and completed January 1, 2015 through December 31, 2018.

Milwaukee Code of Ordinances (MCO) §355-7 governs the participation of city residents in development agreements. MCO §355-2-c-3 states the Department of City Development and the Office of Small Business Development is responsible for arranging for an independent audit with respect to the Resident Preference Program, to be performed every three year.¹ Due to staffing the audit was delayed a year. The City entered into 10 development agreements during the test period that included a resident participation requirement; however, development projects 4, 5, 7, and 9 were not projects selected for testing.



¹Milwaukee Code of Ordinances §355-2-b-c-3

Development Projects selected for testing were as follows:

PROJECTS	Year Completed	Residency Requirement	Residency Achieved²
Century City I	2016	40%	19%
Posner Building³	2016	40%	18%
Germania Building	2017	40%	40%
Northwestern Mutual Historic Garfield Apartments	2017	40%	43%
	2018	40%	49%
Welford Sanders Lofts	2018	40%	42%

Objectives

The objective of the audit was to assess compliance with the residency requirements of the development agreements.

1. Did the developer/contractor meet the residency target outlined in the agreement?
2. Were contractors grappling to meet RPP required, by the OSBD, to provide a letter of explanation as well as a plan of action to increase RPP participation?
3. Are the developers' numbers reported to City Officials accurate?
4. Did the developer use LCPtracker to report residency participation?
5. Is the data readily available⁴ to City Officials?
6. Did the OSBD prepare and communicate an annual resident participation performance report?

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit

² As verified through Internal Audit Testing

³Residency Achieved could not be verified

⁴ Readily available is defined as having direct access to the desired information via internal resources

objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for the audit's findings and conclusions based on the audit objectives.

Methodology

Audit methodology included developing an understanding of the processes and controls over the monitoring of developers' compliance with the residency requirements stipulated in the development agreements approved by the Common Council. Information obtained and reviewed includes internal policies and procedures, certain chapters of the MCO, compliance documentation contained in the development and Human Resource Agreements (HR), RPP eligibility documentation, contractor time reports, and final detail reports. The audit procedures developed to evaluate the processes and controls to meet the audit objectives included process walk-throughs, an inspection of relevant control documentation, and testing of controls.

Procedures and tests that were conducted included:

- Access LCPtracker to generate RPP reports to identify participants;
- Access LCPtracker to retrieve Payroll data submitted by the developer or contractor;
- Review documentation to verify RPP eligibility requirements were met;
- Verify whether eligibility documentation for all resident participants working on the project was uploaded into the LCPtracker;
- Confirm the numbers submitted by the developer or contractor agree to quarterly or annual reports submitted; and
- Recalculate the report numbers submitted by the developer or contractor.

II. Organization and Fiscal Impact

The MCO §355 provides the governing legislation for resident participation in development agreements. Per the Ordinance, the Department of City Development and the Office of Small Business Development are responsible for the planning, implementation, and enforcement of MCO §355-7 governing the participation of city residents. In 2009, the City of Milwaukee passed the Milwaukee Opportunities for Restoring Employment (M.O.R.E) ordinance, which opens the program to private development projects receiving more than \$1 million of direct financial assistance from the City of Milwaukee. The RPP program requirement percentage increased from 25% to 40% of total project hours worked and was open to residents living anywhere in the City of Milwaukee. Effective January 1, 2017, the Mayor and Common Council passed ordinance changes to the RPP for certain public works contracts and development agreements that affect special impact area zip codes specifically, for construction contracts \$500,000 or Development Project with \$1 million in financial assistance.

The Office of Small Business Development⁵

The Office of Small Business (OSBD), housed within the Department of Administration (DOA), was created to assist and protect the interest of emerging and small business concerns. The OSBD works with the Department of City Development (DCD) to track and report on the performance of RPP on private development agreements. Private development projects that obtain more than \$1 million in combined city financial assistance are required to provide employment for unemployed or underemployed residents, with a goal of 40% of total work hours (unless otherwise stated in the HR Agreement). The OSBD is also responsible for monitoring and enforcing community participation in private development projects that receive financial assistance from the City.

⁵ City of Milwaukee, 2020 Plan and Budget Summary, page 35

III. Audit Conclusions and Recommendations

Audit procedures were designed to confirm compliance with resident participation requirements of development agreements, therefore; we verified whether the developer/contractor met the residency target outlined in the agreement, the developers' numbers reported to City Officials were accurate, the developer used LCPtracker workforce compliance software to report residency participation, is the data readily available to City Officials, and did OSBD prepare and communicate an annual resident participation performance report.

The audit concluded that four projects tested met the residency participation requirement set by the development agreement, while two development projects did not. One of the development projects that did not meet residency participation requirements was a unique; City-owned, specifically RACM development project, and the other development project developer provided a letter of explanation as well as a plan of action to increase RPP participation. While testing discovered some inaccuracies in the reporting, the errors did not impact the end result of the five projects tested, however, testing for one developer could not be performed due to incomplete workforce data provided to OSBD by the developer.

The audit makes three recommendations to address these issues:

1. Management should consider exercising the audit clause as outlined in the Development HR Agreement.
2. Obtain and retain workforce data and supporting documentation required by policy makers to assist in the appraisal of Resident Preference Program.
3. Prepare and communicate an annual resident participation performance report.

The report also includes three observations. The observations are related to updating policies and procedures for monitoring RPP compliance and strengthening controls to ensure accurate reporting. An observation may not constitute a recommendation, but should be taken under advisement. Additional details regarding the recommendations and observations for improvement are provided in the remaining sections of this report.

A. Reporting Accuracy

In October 2014, the City procured LCPtracker, a web-based workforce compliance software, to track, monitor and centralize residency participation data. One objective of the audit was to assess the accuracy of resident participation numbers reported to the City. Audit procedures included verifying the data uploaded into LCPtracker to the source documentation, and employee affidavits for resident participation (Appendix 1). Testing identified developers did not consistently use LCPtracker to report accurate resident participation data, nor did they consistently report accurate numbers to City Officials.

Specifically,

- The audit was not able to verify the eligibility, worker hours, and recalculation of hours of all RPP workers for one of the projects.
- The audit was not able to verify the eligibility, worker hours, and recalculation of hours of two contractors for a second project.
- The final resident participation hours reported for the same project were overstated.
- The final resident participation hours reported for a third project were understated.
- The final resident participation hours reported for a fourth project were understated.
- The final resident participation hours reported for a fifth project were understated.

Irrespective of the errors identified in four of six projects tested, residency participation requirements were met for their respective development agreements, while two development projects tested did not. Of the two development projects that did not meet residency participation requirements, one was City-owned, specifically a RACM development project, therefore; a shortfall plan was not required to make up RPP participation, the city cannot hold itself liable to make up hours for a self-funded project, and the Human Resource Agreement sanction did not apply because it hadn't been adopted by Common Council. The other development project that did not meet residency participation requirements, the developer provided the OSBD a letter of explanation as well as a plan of action to increase RPP participation. Regardless, decisions regarding direct financial assistance and the future of the RPP are based on inaccurate information.

Recommendation 1: Management should consider exercising the audit clause as outlined in the Developer HR Agreement.

The HR Agreement Audit Rights Section VIII states, “the developer shall keep or cause others under its control, including its contractors and subcontractors to keep accurate, full and complete books and accounts with respect to costs of developing, constructing, and completing the project and carrying out the duties and obligations of developer hereunder. All the books and accounts required to be kept hereunder shall be maintained in accordance with generally accepted accounting principles consistently applied, and shall be kept for a period of seven years.” There is an assumption that non-RPP hours are accurate and complete although they’ve never been addressed as part of the RPP equation. Management should consider exercising the audit clause as outlined in the Developer HR Agreement. Exercising the audit clause on a random basis will hold developers accountable for the completeness of Non-RPP hours reported. Changes to the HR Agreement to include language requiring contractors and subcontractors provide the OSBD employee workforce data would allow OSBD to cross reference payroll data reported to the City to data uploaded into LCPtracker and the budget.

Observation 1: Strengthen controls to ensure reporting accuracy.

The DCD and OSBD should continue to work together to strengthen controls surrounding reporting accuracy. For development agreements with a resident participation requirement, the developer should be required to utilize an external monitoring company or software monitoring tool to track and report resident participation data throughout a project.

B. Data Availability

Another objective of the audit was to assess whether data is readily available. Internal Audit defined readily available as having direct access to the information via internal resources. One concern underlying the audit is that policymakers and those charged with governance do not have the information needed to make timely decisions.

Testing included verifying physical documents and LCPtracker reports for employee resident participation eligibility, and workforce data to source documentation for contracts implemented before and after installation of LCPtracker. Testing identified the audit did not verify eligibility and RPP workforce hours for all contractors on one of the projects, and for two contractors on another project, as OSBD did not consistently obtain and retain source documentation for development projects completed prior to the implementation of LCPtracker.

Recommendation 2: Obtain and retain workforce data to include supporting documentation required by policy makers to assist in the appraisal of the Resident Preference Program.

OSBD should obtain and retain the performance data (payroll) and supporting documentation required by policy makers to assist in the appraisal of the RPP as outlined in MCO §355-7-3.

1. The OSBD should:
 - a. Confirm that all contractors, and subcontractors have submitted construction contract time reports listing workers by name, work classification, and hours worked.
 - b. Verify that all contractors, and subcontractors have submitted employee affidavits and source documentation for all resident participants.
 - c. Confirm that all developers have set-up all contractors in LCPtracker as outlined in the HR Agreement.
 - d. Verify the quarterly and final resident participation reports are consistent with what was reported to the City throughout project construction.

Recommendation 3: Prepare and communicate an annual resident participation performance report.

As outlined in MCO §355-7-3, the OSBD, in coordination with DCD, the Department of Public Works and the RPP review commission, should prepare timely on or before October 1 of each year, a RPP report on the efforts of recipients of direct financial assistance in achieving the goals of the program for development agreements.

C. Compliance

Monitoring and Enforcement

One of the functions of the OSBD is to monitor and enforce compliance of residency requirements in development agreement during all phases of a project. Monitoring includes meeting with developers prior to the project and before funds are released, reviewing goal status throughout construction, reviewing Certified Payroll Reports submitted in LCPtracker, reviewing final report data after a project is completed, and maintaining project files in accordance with the City's Records Retention Schedule. Based on our sample reviews of development agreements executed and completed during the test period, the audit concluded that four of six projects were in compliance with its respective residency requirements. The OSBD does have policies and procedures in place for these processes, however current policies and procedures are dated. Consequently, monitoring procedures used for the projects tested were performed irregularly, and the required documentation was not obtained or retained consistently.

Observation 2: Update policies and procedures to include revised tools and guides used for monitoring compliance in the HR Development Agreements.

Well-defined policies, procedures, and processes provide a basis for an organization to analyze how to get from their existing state to a target state. The Contract Compliance Officer, new to this role, updated existing tools and guides to assist in monitoring compliance with the HR Agreements; however current procedures for monitoring residency requirements in development agreements are out dated. Management should update existing policies and procedures to include revised tools and guides used for monitoring residency requirements in development agreements. The following tools and guides listed below are used to ensure consistency in monitoring compliance of the development project as stipulated in the HR Agreement:

- What is the Purpose of RPP: Document lists RPP requirements, qualifications for RPP Certification, and the certification process?
- Development Project Tracking Checklist – Indicated project type, agreement type, project background, meeting details, preliminary exhibits and/or agreements, project statistics, target and/or accomplishments, reporting, project completion, project feedback, and outstanding issues.
- Development Project Tracker Spreadsheet – Contains all projects and their related goals.
- Participation Tracker Overview – Used to ensure that the required documents identified in the HR Agreement have been obtained and retained by the OSBD.

Observation 3: Update policies and procedures for monitoring compliance to include recent changes to the Resident Preference Program.

Effective January 1, 2017, The Mayor and Common Council passed changes to the ordinances related to the RPP for certain public works contracts and development agreements. Changes affect contracts across all City departments including the Environmental Collaboration Office, Neighborhood Services and Public Works (Appendix 2). Specifically:

- | | |
|--------------------------------------|------------------------------------|
| • Eligibility Requirements | • Special Impact Area Requirements |
| • How to apply for RPP Certification | • Incentives |
| • RPP Certification Period | • RPP Credit Hours |
| • Special Impact Area Zip Codes | • Penalties |

Without current documented policies and procedures, there is a greater risk of inconsistencies of monitoring developer/contractors, incomplete data, inaccurate information, non-compliance with MCO §355-7. Management should revise policies and procedures for monitoring compliance to include changes to RPP to ensure requirements were met.



Department of Administration
Office of Small Business Development

Tom Barrett
Mayor

Sharon Robinson
Director of Administration

Nikki Purvis
Director

June 12, 2020

Mr. Charles Roedel
Audit Manager
City of Milwaukee Internal Audit
City Hall, Room 404
200 East Wells Street
Milwaukee, WI 53202

Dear Mr. Roedel,

This letter provides the Department of Administration (DOA) - Office of Small Business Development's (OSBD) responses to the recommendations of the Audit of Resident Participation in Development Agreements.

We appreciate the opportunity to work with audit staff and value the recommendations for improving the OSBD's best practices as it relates to resident participation in development agreements.

Recommendation 1: Strengthen controls to ensure reporting accuracy.

Based on Objective 4 of the audit scope, developers complied with the use of LCPtracker to report residency participation, though OSBD understands the audit's concerns about ensuring reporting accuracy.

OSBD monitors residency reporting accuracy and collaborates with the Department of City Development (DCD) to enforce penalties and sanctions to remedy non-compliance. In 2015, OSBD completed implementation of its compliance monitoring software LCPtracker, and continues to track residency data for all city-funded private development projects. As a provision of the HR Agreement, in addition to utilizing LCPtracker, developers are often required to employ an external compliance monitor who regularly report residency participation data to OSBD and the Milwaukee Common Council.

HR Agreements executed prior to the audit timeframe selected for testing, specifically the Northwestern Mutual Tower and Commons Project (NM), did not include a provision to utilize LCPtracker, as the software was procured after the agreement was executed. As a result, Northwestern Mutual engaged Prism Technical and Marketing Services as its external monitoring company to track the project's residency participation.

OSBD will continue to monitor LCPtracker utilization to strengthen reporting accuracy, and understands its impact on data integrity.

Implementation date: Action completed January 1, 2016.

Recommendation 2: Management should consider exercising the audit clause as outlined in the Developer HR Agreement.

This recommendation is not associated with the audit scope; however, OSBD understands the logic to exercise the audit clause outlined in the HR Agreement. We recognize the concern about potential fraudulent reporting of non-RPP hours, yet to date, have not received complaints of misrepresentation of such hours. This office will continue to investigate complaints of any kind to ensure effective utilization of the program.

In 2017, the Mayor and Milwaukee Common Council formed The Residents Preference Program Review Commission to review and recommend amendments to the program. As outlined in Chapter 320-30 of the Milwaukee Code of Ordinances, the Commission has the authority to study and recommend any other policies or actions to ensure the city is effective in the use of unemployed and underemployed residents on local construction projects and city contracts.

OSBD will present this recommendation to the Commission for further consideration, because to date, we have not received any complaints of misrepresented reporting of non-RPP hours. Additionally, it is important to note that OSBD has one position (Contract Compliance Officer) dedicated to monitoring compliance and enforcement for all city funded-private development projects with residency participation, and as a result, generating additional tasks creates a greater capacity issue for OSBD and the staff's ability to complete core job duties.

Implementation date: Anticipate referring commendation to The Residents Preference Program Review Commission Chair for consideration by July 31, 2020.

Recommendation 3: Prepare and communicate an annual resident participation performance report.

Based on Objective 6 of the audit scope, OSBD prepared and communicated annual resident participation reports for the audit timeframe with the exception of communicating the 2018 report.

OSBD shares the audit's concerns regarding timely communicating annual performance. As outlined in Chapter 355-7-3, collaboration with other city departments and the Commission is required to produce and communicate the annual report. In 2019, competing department and citywide priorities, data validation and editing, along with a limited number of Commission meetings affected timely reporting of 2018 performance efforts.

OSBD will continue to work in partnership with the noted departments and Commission to produce future reports by the October 1 deadline.

Implementation date: Anticipate communicating report by July 31, 2020.

We look forward to advancing the above-mentioned recommendations and updating the Comptroller's Office of our progress.

Best,

A handwritten signature in black ink, appearing to read "Nikki Purvis". The signature is fluid and cursive, with a large, stylized initial "N" and "P".

Nikki Purvis
Small Business Development Director

Aycha Sawa, CPA, CIA
Comptroller

Joshua Benson
Deputy Comptroller



Toni Biscobing
Special Deputy Comptroller

Office of the Comptroller

June 19, 2020

Honorable Tom Barrett, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

With this letter, the Office of the City Comptroller acknowledges receipt of the preceding report, which communicates the results of the Audit of Resident Participation in Development Agreements. I have read the report and support its conclusions. Implementation of the stated recommendations will help improve City processes.

As the City Comptroller, I was not involved in any portion of the work conducted in connection with the audit. At all times, the Internal Audit Division worked autonomously in order to maintain the integrity, objectivity, and independence of the audit, both in fact and in appearance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Aycha Sawa".

Aycha Sawa, CPA, CIA
Comptroller

Contractor Name

DPW Contract No.

Employee Affidavit Residents Preference Program

I certify that I maintain my permanent residence in the City of Milwaukee and that I vote, pay personal income tax, obtain my driver's license, etc. at _____, Milwaukee, WI _____
(Address) (Zip Code)

Residency status:

To verify my resident status, attached please find the following (check *two*)

- _____ Copy of my voter's certification form.
- _____ Copy of my last year's Form 1040.
- _____ Copy of my current Wisconsin Driver's License or State ID.
- _____ Copy of Other (i.e., Utility bill, Lease, etc.)

AND

Unemployment status:

I certify that I have been unemployed as follows: (Check those that apply)

- _____ I have worked less than 1,200 hours in the preceding 12 months.
- _____ I have not worked in the preceding 15 days*

***this selection only applies to new hires or inactive employees**

OR

Underemployed status:

_____ I certify that based on the attached chart (Income Eligibility Guidelines), I am underemployed.

WORK HISTORY

Construction Skills: _____, _____, _____,

Years of Experience: _____, _____, _____,

Print Name

Sign Name

Social Security Number

Home Telephone Number

Subscribed and sworn to me this _____ day

Of _____, _____ A.D.

My Commission Expires _____.

Notary Public Milwaukee County

CHANGES TO THE
RESIDENTS
PREFERENCE PROGRAM

CITY OF MILWAUKEE

CHANGES TO RPP

- Changes to RPP go into effect with all contracts awarded Jan 1, 2017 and later
- Changes affect contracts across all City departments, including:
 - City Development / Office of Small Business Development
 - Environmental Collaboration Office
 - Neighborhood Services
 - Public Works

RPP CERTIFICATION

- Eligibility Requirements
 - Milwaukee resident
 - Underemployed (meet certain federal poverty guidelines) or Unemployed for 15 days
- Apply for RPP Certification
 - DPW Contract Administration Office
 - WRTP/Big Step
- RPP Certification Period
 - Verified every three years
 - Certified indefinitely if still eligible for participation

SPECIAL IMPACT AREA ZIP CODES

- For construction contracts \$500k+ or Development Projects with \$1M+ in financial assistance:
 - 25% of required RPP hours must be worked by residents of the Special Impact Area zip codes
 - 25% of Apprentice hours must be worked by RPP certified Apprentices
 - 40% of Apprentice hours must be worked by RPP certified Apprentices residing in Special Impact Area zip codes



SPECIAL IMPACT AREA ZIP CODES:

EFFECTIVE JAN 1, 2017:

53204

53212

53205

53215

53206

53218

53208

53233

53210

SPECIAL IMPACT AREA REQUIREMENTS

For example, on a \$500,000 construction contract with 100 total work hours and 20 Apprentice hours

REQUIREMENTS

- 40 RPP Hours
- 10 RPP Hours from SIA employees
- 5 RPP certified Apprentice hours
- 8 RPP/SIA Apprentice hours

SPECIAL IMPACT AREA REQUIREMENTS

Special Impact Area hours will be tracked through certified payroll.

The changes to the Residents Preference Program will require developers and contractors to **proactively forecast participation** prior to the start of the project/contract.

INCENTIVES

Any work hours for employees in the Special Impact Area zip codes beyond the requirements will be credited 1.5 hours for each hour worked

INCENTIVES EXAMPLE

For example, if a contract requires 20 SIA/RPP hours and a contractor has 40 SIA/RPP hours, 10 RPP credit hours will be added to the total RPP hour count:

$$\begin{array}{r} 40 \text{ SIA/RPP hours reported} \\ - \underline{20 \text{ SIA/RPP hours required}} \\ 20 \text{ extra SIA/RPP hours} \times .5 \text{ (incentive)} = \mathbf{10 \text{ credit hours}} \end{array}$$

***total count = 50 RPP hours (40 reported hours + 10 credit hours)**

RPP CREDIT HOURS

- Any shortfall in RPP requirements can be resolved by submitting a RPP credit affidavit for RPP-certified workers working on a concurrent non-City project within the State of Wisconsin
- Up to one-third of the required RPP hours on any given City contract can be comprised of RPP credit hours

PENALTIES

- Minimum fine of \$2,000.00 for knowingly providing fraudulent RPP data
- Contracts let/executed agreements with RPP requirements *require* compliance
 - Failure to comply may result in held payments or penalties

CITY OF MILWAUKEE CONTACTS:

CITY DEVELOPMENT: 414-286-5846 & 414-286-5727

NEIGHBORHOOD SERVICES: 414-286-2557

PUBLIC WORKS: 414-286-3309

OFFICE OF SMALL BUSINESS DEVELOPMENT: 414-286-5948

ENVIRONMENTAL COLLABORATION OFFICE: 414-286-3351

ONLINE INFORMATION:

[HTTP://CITY.MILWAUKEE.GOV/OSBD/RPP](http://CITY.MILWAUKEE.GOV/OSBD/RPP)

[HTTP://MPW.MILWAUKEE.GOV/BIDS_RPP_CHANGES.PHP](http://MPW.MILWAUKEE.GOV/BIDS_RPP_CHANGES.PHP)