

City of Milwaukee
Department of Administration
Business Operations Division
Emerging Business Enterprise Program

Disparity Study Recommendations
Programmatic Implementation Status Update

April 4, 2011

Disparity Study Recommendations

In light of the Disparity Study findings, D. Wilson Consulting Group provided the following recommendations to the City of Milwaukee:

- I. Changes in Procedures and Practices
- II. Implementation of a Compliance Monitoring Tracking System
- III. Development and Implementation of a race/gender-conscious program
- IV. Monitoring expectations for M/W/SBE program
- V. Enhancements to the proposed M/W/SBE program

Disparity Study Recommendation

I. Changes in Procedures and Practices

- I. All City departments should review professional services contracts to identify subcontracting opportunities.
- II. The City should consider adopting MMSDs payment policies for both prime contractors and subcontractors (30 days + 7 days vs. 60 days + 10 days)
- III. Conduct random audits of prime contractors payments to EBE owned firms that requires documented proof of payments.
- IV. Follow-up with EBE firms to ensure that they have been paid and actually participated in the contracting process.
- V. Ensure that prime contractors are making timely and accurate subcontractor payments to EBE firms. This can be accomplished by reviewing and enhancing the current process for tracking payments made by primes to subcontractors.

Disparity Study Recommendation

II. Implementation of a Compliance Monitoring Tracking System

- I. Identify one (1) tracking system to collect and monitor all procurement activity, including contractors and subcontractors for all projects awarded;
- II. Establish and implement strict guidelines by type of procurement activity that includes pertinent information from requisition to final payment or completion of project
- III. The tracking system should be maintained for accuracy with quality control checks; and
- IV. The tracking system must include all awards and payments to ALL(EBE and non-EBE) contractors/vendors.

Disparity Study Recommendation

III. Development and Implementation of race/gender-conscious program

- I. Set race/gender specific annual participation goals on construction and goods & services contracts;
- II. Be limited to the Metropolitan Statistical Area.

Disparity Study Recommendation

- IV. Monitoring expectations of M/W/SBE program**
 - I. Quarterly monitoring of the utilization of all M/W/SBEs to ensure that their utilization on construction, professional services, and goods & services contracts does not fall below their availability;
 - II. Conduct an audit of the current compliance processes to determine their effectiveness and make modifications based on the findings. The audit should include validation of the information received from both prime and subcontractors.

Disparity Study Recommendation

V. Enhancements to the proposed M/W/SBE program:

- I. Develop and execute an outreach program to M/W/SBE firms to spread awareness of subcontracting opportunities;
- II. Develop and distribute marketing materials to all City Departments and M/W/SBE firms;
- III. Identify and make available business solidification assistance:
 - I. On-going education
 - II. Technical assistance
 - III. Financial assistance

Internal Transition Team

The Internal Transition Team consists of City Departmental Staff, who will work to insure that the City's procurement process encourages and provides opportunities for participation by a more diverse group of vendors and contractors.

Department	Team Member
Administration	Kimberly Montgomery
Common Council	Ald. Ashanti Hamilton
CA Office	Linda Burke, Kathy Block
DCD	Sandra Rotar, Scott Stange
DOA	Rhonda Kelsey
DPW	Ghassan Korban

M/W/SBE Advisory Committee

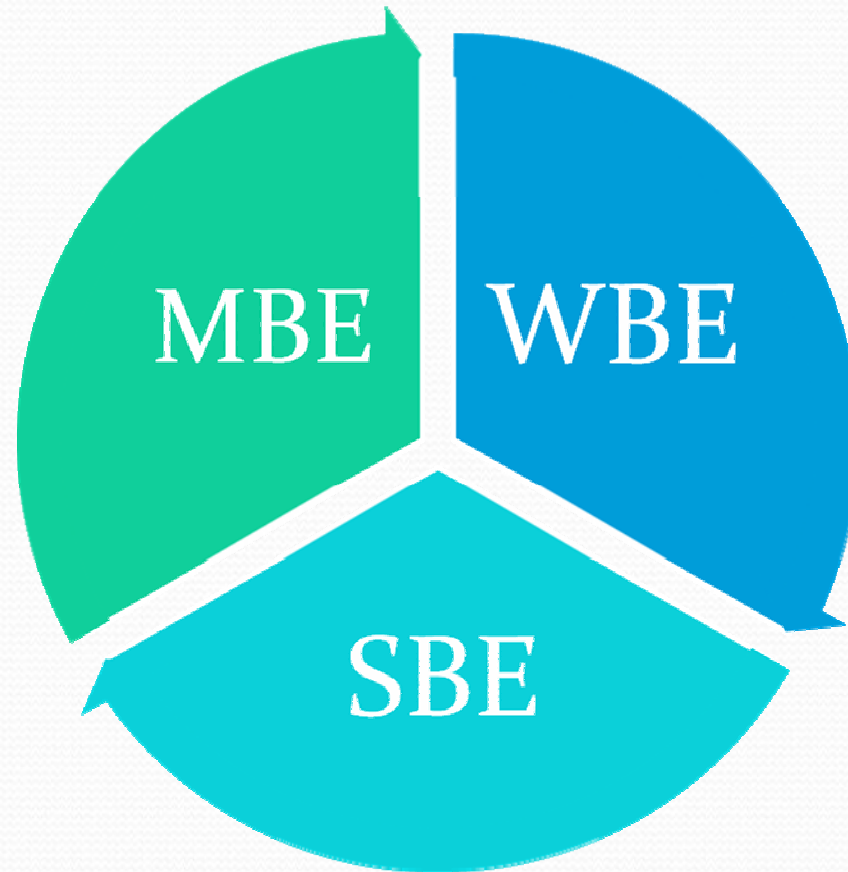
The M/W/SBE Committee shall act as an Advisory Committee, working with City staff to review the proposed M/W/SBE program, and provide recommendations in support of program changes.

Organization	Representative
AACC	Curtiss Harris
HCCW	Maria Monreal-Cameron
Milw. County DBE	Freida Webb
MMSD	Pete Coffaro
MPS	Renee Taylor
Nutshell Enterprises	Tina Beckett

Estimated Timeline

Recommendation	Deadline Date	Status Update
Changes in Contracting Practices and Procedures	Propose by 4/4/11	<ul style="list-style-type: none"> •In progress by DOA •Ald. Davis – Payment Policy (PASSED) •Ald. Wade – EBE Reporting (PASSED)
Implementation of a Compliance Monitoring Software	Begin process to purchase by 3/31/11 Implementation will begin 4/11.	<ul style="list-style-type: none"> •Research complete •Funds available •Active Internal Team working on the transition.
Development and Implementation of race/gender-conscious program	Proposed by 4/4/11 Implementation will begin once approved by the Administration and Common Council	<ul style="list-style-type: none"> • Internal Transition Team actively engaged •External Advisory Committee actively engaged
Monitoring Expectations for M/W/SBE	Proposed by 4/4/11 Implementation will begin once approved by the Administration and Common Council	<ul style="list-style-type: none"> • Internal Transition Team is actively engaged
Enhancements to the proposed M/W/SBE program	Proposed by 4/4/11	<ul style="list-style-type: none"> •Collaborative team established: <ul style="list-style-type: none"> •DPW •MMSD •DOA

Proposed Certification Program



Minority Business Enterprise Proposed Certification Requirements

- Firm must be at least 51% owned, managed and controlled by one or more ethnic minorities. Ethnic minorities include the following groups:
 - African American
 - Asian-American
 - Hispanic
 - Native American
- Firm must be operational for at least one (1) year
- *Firm must have a physical business address located within the limits of Milwaukee, Ozaukee, Washington and Waukesha counties for at least one (1) year*
- Owner controls the day-to-day critical operations of the firm
- Owner(s) is/are a citizen or permanent, legal resident of the United States.

Woman Business Enterprise

Proposed Certification Requirements

- Firm must be at least 51% owned, managed and controlled by one or more females
- Firm must be operational for at least one (1) year
- *Firm must have a physical business address located within the limits of Milwaukee, Ozaukee, Washington and Waukesha counties for at least one (1) year*
- Owner controls the day-to-day critical operations of the firm
- Owner(s) is/are a citizen or permanent, legal resident of the United States

Small Business Enterprise Proposed Certification Requirements

- Firm must be operational for at least one (1) year
- *Firm must have a physical business address located within the limits of the City of Milwaukee for at least one (1) year*
- Owner controls the day-to-day critical operations of the firm
- Owner(s) is/are a citizen or permanent, legal resident of the United States.

Additional criteria that ALL businesses must meet:

- A United States business which is independently owned and operated, and which is not dominant in its field of operation or an affiliate or subsidiary of a business dominant in its field of operation;
- Meet SBA small business size standards;
- Has demonstrated capability to perform independently or as a subcontractor relative to its field of operation;
- Not be owned, controlled, or directed by individuals or groups of individuals who own, control, or direct a large business involved in the same category of work as the business for which M/W/SBE status is sought.

Proposed M/W/SBE Participation Requirements



Proposed M/W/SBE Program Requirements

- **Construction Services**

• <u>Race/Gender-conscious</u>		<u>12.95%</u>
• African-American Firms	5.57%	
• Asian-American Firms	.07%	
• WBE	7.31%	
• <u>Race/Gender-neutral</u>		<u>12.05%</u>
• SBE	12.05%	

Construction = 25% Annual Participation Requirement

Proposed M/W/SBE Program Requirements

- **Goods & Services**

• <u>Race/Gender-conscious</u>		<u>20.49%</u>
• Hispanic	3.23%	
• Native-American	.17%	
• WBE	17.09%	
• <u>Race/Gender-neutral</u>		<u>4.51%</u>
• SBE	4.59%	

Goods & Services= 25% Annual Participation Requirement

Proposed M/W/SBE Program Requirements

- **Professional Services**

- Race-neutral 18%
- SBE 18%

Professional Services = 18% Annual Participation Requirement

Additional Proposed Program Changes

- Initial Compliance Plan
- SBE Bid Preference = 5% not to exceed \$25,000 per contract
- Performance Bond Program

Outreach Efforts

- Annual Conference
- Networking Events
- Technical Assistance
 - Minority Business Center
 - MMSD/DPW/DOA Collaboration
 - UEP/Kauffman Foundation
- Start-up Business Assistance Training Program

Highlights

- The proposed programmatic changes will:
 - Eliminate subjective anecdotal data requirements
 - Streamlined certification
 - Intentionally create opportunities
 - Re-engage City Departments
 - Allow for certification reciprocity
 - Performance Bond Program will provide additional assistance with NO additional cost to the City
 - Foster ongoing communication on all levels
 - Strengthen partnership with the Small Business Community

Next Steps...

- Implement Prompt Payment Policy
- Purchase Contract Compliance Monitoring Software
- Begin drafting ordinance & charter modifications
- Engage ALL City Departments
- Engage the Business Community

Questions?