



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

WORKFORCE ORGANIZATIONAL REFORM COMMITTEE

ALD. RUSSELL STAMPER, II, CHAIR
Ron Roberts, Vice Chair
Lori Lutzka, Nikki Purvis, and Dan Thomas
Staff Assistant, Chris Lee, 286-2232, Fax: 286-3456,
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Thursday, January 14, 2016

10:30 AM

City Hall, Third Floor, Room 301-A

1. Call to Order.

Meeting called to order at 10:31 a.m.

Present 5 - Thomas, Roberts, Purvis, Stamper and Lutzka

2. Roll Call.

Members made brief introductions.

Participants present:

Mark Kessenich (WRTP/Big Step), Commissioner Rocky Marcoux (DCD), Andrew VanNatta (LRB), Aaron Szopinski (Mayor's Office), Sharon Robinson (DOA), Rhonda Kelsey (DOA), Earl Buford (MAWIB), Kathy Block (CAO), Fred Royal (NAACP), Rob Henken (Public Policy Forum), Tony Perez (HACM), Doug Day (PPF), Joe Peterangelo (PPF), Tony Kearney (Northcott)

Other individuals in attendance:

Sarah Zarate (10th Ald. Dist.), Scott Stange (DCD), Michelle Kaczmarowski (OSBD), Marge Piwaron (DNS), Chris Kraco (DNS), Maria Rodriguez (HACM), Evans Grant (HACM), Jennifer Meyer (MPL), Antoine Miller (OSBD), Dontreal Teague (OSBD), Angela Mitchell (OES)

3. Review and Approval of the Previous Meeting Minutes from December 14, 2015.

Mr. Roberts moved approval with the amendment to strike out the first sentence of Mr. Royal's comment at the bottom on page 2, due to being inaccurate information, as stated by Mr. Lee. Mr. Thomas seconded. There were no objections.

4. RPP Presentation from the Public Policy Forum.

Mr. Henken, Peterangelo, and Day from the Public Policy Forum (PPF) distributed a copy of an outline to members and gave an overview of their RPP study.

The PPF, in partnership with NAACP, submitted a proposal in response to a RFP from the Greater Milwaukee Foundation last summer and was awarded to conduct a study to look at RPP and maximizing inclusion and opportunities for unemployed city

residents into the construction industry. The study is not an audit but will be a nice complement to WORC in providing some context of what expectations should be. The study will have a broad policy approach looking at program components, community participation objectives, factors leading to the meeting of goals, and successes and challenges from other cities. The study will examine the current context of development opportunity relative to labor trends, employment and unemployment trends, and upcoming project opportunities for city residents. RPP programs will be examined relative to their purpose, creation, and history. The study will examine RPP data and outcomes of projects after the M.O.R.E. ordinance, such as the Northwestern Mutual project, relative to success, employment, demographics, ladders of opportunity, and apprenticeship inclusion and implementation. Other programs in the City, such as HUD Section 3 and Uplift Milwaukee Program, and programs beyond the City will be examined for similarities, differences, and lessons to learn from.

More details of the overview can be found in the attachment entitled "Public Policy Forum RPP Outline" within Common Council File Number 151345.

Ald. Stamper inquired about recommendations from the study and examining opportunities to develop a pipeline from RPP training. He added that PPF should review other publications, such as the "Market Green Report" and the City's audit, and include the City of Orlando in its research.

Mr. Buford made comments. The City of Orlando's RPP program does not connect at the apprenticeship level. PPF should also look at a 1990 NAACP report entitled "Discriminatory Practices of Building Trades".

Ms. Lutzka questioned the selection of cities to research for the study.

Mr. Henken, Day and Peterangelo replied. Pre-apprenticeship or training to prepare people to be eligible for apprenticeship will be studied as well. Program components relating to target groups, monitoring, compliance systems, and thresholds will be studied. The study will reveal much variation across the country, such as target groups, and characteristics contributing to successful programs. Programs with clear goals, a development system, long-term strategies, and apprenticeships are some characteristics of successful programs that the study is beginning to reveal. PPF will do due diligence to see what the best practices are by studying cities both locally and nationally. Some of those cities include Minneapolis, Madison, San Francisco, Los Angeles, and Portland. The study will be produced in a way for the public to understand, and recommendations will be forthcoming in April or May this year.

Mr. Perez commented. He is hopeful that any study will attempt to imbed local strategies to improve apprenticeship and expectations. In terms of looking at metrics, apprenticeship trade numbers in the state was abysmal from a few years ago. Finding a universal solution is elusive due to the unpredictable human condition or behavior.

Ald. Stamper said that everyone should remain optimistic in the current efforts for reform. There is opportunity to make training and apprenticeships possible by putting together a program in place rather than just holding people accountable.

Mr. Buford said that the real issue of getting people into an apprenticeship is the lack of retention, completion, and graduation, especially among minorities and women. There is no funding to address this issue in the training world. State numbers show that 50% of all state apprentices drop out, and numbers go up to 70-75% for women and minorities. This issue is something that the workforce cannot solve or train for.

The issue is bigger than the workforce. People do not complete apprenticeships for a variety of reasons, such as childcare problems and infighting with project managers.

Ald. Stamper asked that PPF research paid training as a component of successful apprenticeships and RPP programs. Also, PPF should attend and assist in recruiting participants for the next WORC community meetings in February.

Mr. Kearny of Northcott Neighborhood House and Mr. Kessenich of Big Step & WRTP appeared and discussed training, apprenticeships, and RPP certification.

Mr. Kearny said that Northcott's Milwaukee Builds program is an adult training program that was converted from an existing youth builds program eight years ago. The program is for adults aged 24 years and older. The program has trained adults with pay in construction and deconstruction. CDBG grants and other projects pay for the trainees. MAWIB provides salaries for journeymen trainers. Workers are RPP certified by WRTP. Many of the workers come out of prison. 77% are former felons. The program has helped make employment viable for these workers as well as revitalize communities. Northcott is giving excellent training, access to unions, and access to licenses for these individuals. However, serious screening is done. Northcott desires those that are committed to put in the time and complete the program.

Mr. Kearny said that one issue of the program is the lack of long term resources or funding to ensure retention or assist in completion of apprenticeships for these workers. Currently, the organization, in partnership with MAWIB, can only track and monitor workers for 18 months. Many times the workers get lost in a loop after their employment on a project ends.

Mr. Kearny added that there will be an upcoming 40 housing unit project through Gorman & Company that workers will be able to go to school and work through MATC in plumbing, electrical, and HVAC for a period of 15 months. 40 people are in the program. 40 will graduate. 60 more will be employed full time. Paid training ranges from \$11.50 to \$17 per hour. All workers are RPP certified by WRTP.

Mr. Kessenich said that there needs to be an apparatus in place, either with front-end training or long term tracking, to deal with people who cannot be certified due to verification issues. RPP is focused on the most at-risk population. Most of this population have been incarcerated, do not have a permanent residence, and cannot produce the required mail that matches their identification in order to be certified. Certification is not a stamp it program.

Mr. Kessenich said that WRTP has assisted people in overcoming hurdles to become certified by requesting letters from correctional institutes and teaching a person to get mail at their current address from utility companies or from someone who is verifiable.

Mr. Kearny added that Northcott has also assisted by working with child support services to send letters since many of the individuals are fathers.

Mr. Thomas said that DPW has used an affidavit for applicants to verify their residency in instances where a piece of mail cannot be provided. An applicant may submit some type of document, such as a lease, of the person who she or he is living with. That person can affirm that the applicant is living with him or her. DPW will check the applicant's affirmed residency on the back end and will remove any individuals from the program if the affirmed residency proves false.

Ald. Stamper said that WRTP may have to be the lead agency to solve the frontend verification problems in RPP certification. He added that the issue of unrecognized agencies engaged in certification will be fixed.

Ms. Purvis said that WRTP should provide a list of these issues to the committee.

Mr. Roberts said that DNS, in its deconstruction industry, has hired and referred employees to Northcott to obtain the required certification. In return, Northcott provides contracting opportunity and payment so the programs can continue. DNS does not do certification but rather has qualified agencies to assist in certification.

Mr. Kessenich said that another challenge is the ability to vet that contractors have active training programs for individuals to acquire skills and become employable for the next project.

Ald. Stamper inquired about apprenticeship opportunities and requirements in development contracts.

Mr. Buford replied. Apprenticeships vary in two different ways. Union apprenticeships are based on the market demand from contractors and may only have a certain amount of apprenticeships per year based on that demand. For non-union apprenticeships, contractors can match up with eligible candidates who have applied and received a letter of being an eligible candidate.

Commissioner Marcoux responded that there are no apprenticeship requirements for development agreements under state law, but DCD can require the use of apprenticeship and monitor that use in its developer agreements; however, DCD can only request the use of the maximum number of apprentices but cannot determine the exact amount of apprentices. The maximum number of apprentices is governed by the number of journeymen on site. The number of journeymen on site varies by project and workforce size at any given time for a particular trade.

Mr. Buford said the journeymen-to-apprentice ratio is key. Journeymen are the experts, run the projects, and hire apprentices. The ratio is a reverse pyramid, inward ratio rather than an outward ratio, such as 9, 5, or 2 journeymen to 1 apprentice ratios.

Mr. Kessenich added that the construction industry has always performed better on the issue of apprenticeships than other industries. There have been a very limited number of apprentices in the last seven years. Most places are presently seeing a boom in apprentices, and there is real opportunity to make an impact policy-wise.

5. Overview of RPP, SBE & LBE Programs.

Ms. Lofton gave a PowerPoint overview presentation on the City's workforce development and economic participation programs relative to RPP program target group, purpose, eligibility and certification criteria, requirement thresholds, administrating departments, governing legislation, non-compliance, public works contracts, development agreements, performance tracking, and successes.

The substance and details of Ms. Lofton's PowerPoint overview presentation can be found in the attachment entitled "Overview of RPP SBE LBE Programs" within Common Council File Number 151345.

Members and participants discussed RPP certification expiration period.

Ms. Lutzka said that there should be no expiration period of 5 years. The certification period should be indefinite as long as individuals remain city residents to build the pool and pipeline of eligible workers.

Mr. Roberts said that the expiration period should remain to allow for new people to be certified. The focus of the program is on at-risk residents who are unemployed and need assistance. After five years, individuals should be independent enough to become journeymen and find jobs on their own.

Ms. Purvis said that the target audience is the underemployed and unemployed, but opportunities should remain for journeymen who are still unemployed for a variety of reasons.

Mr. Thomas said that DPW still possesses its list of certified individuals, and the list has not been purged. The five years is based on an individual working on a covered contract and not from the point of certification. He concurred with Ms. Lutzka that being successful shouldn't eliminate individuals from participation in the program.

Mr. Royal said that perhaps there can be a waiver from the expiration period for those individuals who are at a certain amount in poverty.

Mr. Buford said that the list of certified persons should be reviewed in the future to identify skills, qualifications, and individuals who have not progressed into the construction industry.

Ald. Stamper said that the committee should continue to think about the RPP certification period.

Members and participants discussed RPP voluntary participation in city departments.

Ms. Lofton stated that voluntary participation of some departments depends on the scope and size of a project and department.

Mr. VanNatta said that there is no hard mandate in the city code requiring all city departments to have a RPP program relative to contracts.

Mr. Roberts said that some projects make sense for DNS to hire a labor force while other projects do not. DNS hires 10-25 city residents through Northcott to work on housing deconstruction projects, but a labor force is not required for a one-man demolition project. He added that perhaps one recommendation should be to mandate the RPP program for all departments as legally appropriate.

Ms. Block said that procurement for RACM and perhaps certain city departments, such as the Library and Port, cannot be mandated to engage in RPP participation on their contracts due to state laws that govern those departments or entities.

Ms. Robinson said that there should be ways to incentivize and encourage those departments or agencies with legal restrictions to still hire city residents. She added that the Library is willing to participate in RPP.

Commissioner Marcoux said that DCD has used the power of persuasion to achieve RPP results with RACM contracted projects even though RACM is not required to do so. Century City is an example of a RACM project with impressive voluntary RPP and SBE participation. There are alternative ways for procurement, such as city departments contracting on behalf of RACM.

Mr. Buford said that the Department of Transportation, through its ASP1 provision and since 1995, and MMSD, to some degree in its capital project in 2006 and 2007, gets money back every hour that a hired worker, from their training certification, works.

Ald. Stamper made comments. A RPP mandate may work for instances of planned contracts but may not work for emergency situations that require an immediate response, such as water main breaks. Ms. Block should examine which city departments have the legal flexibility to require RPP participation. An incentive measure can be to give more points or preference in future projects to those developers who have succeeded in RPP participation.

Members and participants discussed RPP reporting and code revisions.

Mr. VanNatta said that one of the code revisions to standardize administrative procedures is to standardize reporting by having one entity as a depository for information, one standard format for reporting, and one record keeping system across programs. He added that he is working on a draft to reorganize the code to consolidate all programs into one chapter with subchapters for each specific program. The substance would not change. The draft is still being vetted and can be forwarded to the committee for review at a future meeting.

Mr. Roberts said that standardizing reporting with one depository agency to collect and present data on behalf of all departments is a great recommendation.

Members and participants discussed sanctions for RPP non-compliance and waivers.

Ms. Lutzka said that there can be monetary or other sanctions for each developer agreement contract that are not in compliance with RPP participation requirements. Payment can be retained as a penalty, and that money can theoretically go back to the City to use to create RPP in other capacities; however, that situation has yet to occur. Another penalty can be to ban a developer from getting a future contract.

Mr. Thomas said that there should be uniform guidelines regarding non-compliance measures, especially regarding the amount or percentage to withhold payments, and those guidelines should be codified. There should be the ability to have discretion, on a case by case basis, to apply a sanction or penalty. There should be a variety of penalty options depending on the circumstances. DPW has withheld payments as a sanction measure.

Ald. Stamper said that sanctions and penalties should be uniform for all contracts and can vary based on different factors, such as project size and type of contract.

Ms. Robinson and Mr. Thomas said that incentive measures should also be standardized across contracts. Perhaps contractors can bank hours that are performed above the participation requirement and use those hours for another contract.

Ms. Lofton said that further clarification is needed regarding contractors putting forth a good faith effort to meet RPP participation requirements.

Commissioner Marcoux said that for waivers, DCD looks at whether the specific work can be done for that trade. There has been compliance mostly with RPP participation in DCD's developer agreement projects and little to no waivers given. One way to fulfill participation requirements is to have those requirements done on other projects

from the same developer who has failed to meet those requirements.

Mr. Roberts suggested that similar to SBE, departments should be able to send contractors to one agency or department to deal with waivers for those contractors who fail to meet RPP participation requirements. DNS has done this by sending SBE contractors to OSBD to obtain waivers.

Members concurred with Mr. Roberts.

Members and participants discussed LCPTracker RPP performance tracking and training.

Ms. Robinson and Ald. Stamper said that LCPTracker is now the central depository moving forward for the collection of RPP data for all city departments engaged in mandatory or voluntary RPP program participation, including DNS.

Ms. Purvis said that LCPTracker tracks workforce data by utilizing certified payroll reports. Contractors are responsible to submit that information and to identify RPP certified workers. Demographic data are included. There can be access to real time data on current projects being monitored. Some time is required for the system to add project data and develop a list to be considered for a pipeline. Webinars by LCPTracker are utilized for private development projects currently. Trainings are also held and organized by OSBD. OSBD is working with DPW regarding data collection training. MMSD offers training, too.

Ald. Stamper said that the City's RPP program is working but needs to be tightened and improved to better the impact on the lives of city residents.

Ms. Purvis continued with the presentation relative to SBE program governing legislation, purpose, contracting percentage goals, certification criteria, monitoring, and compliance.

The substance and details of Ms. Purvis' PowerPoint overview presentation can be found in the attachment entitled "Overview of RPP SBE LBE Programs" within Common Council File Number 151345.

Members and participants discussed SBE certification.

Some members were concerned that SBE may be in competition with local businesses due to SBE certification being open to the contiguous United States.

Ald. Stamper said that there be local preference given to local SBE businesses.

Ms. Purvis said that there was a policy change in 2013 to open SBE certification to the United States. Prior to that, SBE certification was restricted to a local four county area. About 300 firms are SBE certified. 10% of applications are from outside the City. The majority of SBE certified firms are within the local four county area. Oftentimes, there is difficulty finding local SBE firms to perform a service. The policy change allows for the recruitment of SBE firms outside of the City to fulfill contracts while still being inclusive of small businesses and entrepreneurs.

Ms. Block said that there is sort of built-in local preference for SBE certification since one of the four disadvantaged SBE certification criteria referenced in Ch. 370 of the code is in regards to business location. In theory, nonlocal firms could meet the other three disadvantaged criteria: social, education, and employment. There used to be five disadvantaged criteria but now there are four. The ordinance was amended after

the race and gender neutral program.

Ms. Kelsey continued with the presentation relative to LBE program governing legislation, purpose, business criteria, city department requirements, RFPs, and public work contracts.

The substance and details of Ms. Kelsey's PowerPoint overview presentation can be found in the attachment entitled "Overview of RPP SBE LBE Programs" within Common Council File Number 151345.

Ms. Kelsey gave further comments. The removal of the LBE program on public works contracts had a significant negative impact on local outcomes. There were only two LBE firms that were awarded contracts in 2014. Her office do award contracts to local businesses outside of the LBE program.

Members discussed the difference between the SBE and LBE programs.

Ms. Kelsey said that the LBE program applies only at the prime contracting level and is more of a bid incentive program to increase local businesses. SBE is a certification program for small businesses and can apply at both the prime and subprime contracting levels. LBE is only for City businesses where local businesses have an advantage to bid for contracts. LBE firms can bid and be awarded those contracts at \$50,000 and above if their bids do not exceed the lowest bid by 5% or \$25,000. There is opportunity for everyone in the LBE program where procurement for goods can vary, such as paper and office supplies.

Ms. Kelsey said that there is opportunity to provide more contracting opportunities for SBE local firms through the LBE program by increasing the lowest bid difference requirement of 5% to 10%; however, there would be a fiscal impact to the City in paying the difference.

Mr. Thomas and Ald. Stamper said that the 10% increase is a cost offset where the benefit is the investment and hiring of local people and businesses.

6. Status of Audit Recommendations.

Mr. Thomas said that DPW has implemented all of the Comptroller's audit recommendations in October 2014.

Ms. Purvis said that OSBD submitted its status update to the Comptroller's Office yesterday and the Comptroller's Office will provide updates on the recommendations to the Finance & Personnel Committee soon.

Ald. Stamper said that the Comptroller's Office should be invited to the committee's March meeting.

7. Update on Code Revisions.

Mr. VanNatta gave comments. Due to time constraints, members should review the summary update on code revisions, which can be found in the presentation attachment entitled "LRB Presentation WORC 1-14-16 Meeting" within Common Council File Number 151345. A draft of code revisions, based on feedback and suggestions made by members, can be brought before the committee at a future meeting for review. Some observations relating to code revisions from the Comptroller's audit still need to be addressed, such as redefining "direct financial

assistance”.

Commissioner Marcoux made remarks. “Direct financial assistance” needs to be clarified. Another matter to clarify is the scope of RPP participation requirement on a project relative to the financial assistance, whether or not RPP applies to the whole project or only for the portion of the project that is being funded. Some projects have applied RPP wholly, such as the Northwestern Mutual, while other projects have applied RPP partly on projects, such as on public improvement portions only. An additional matter to consider is a developer’s cost of implementing the City’s programs. Assistance on projects may have to be adjusted in consideration of those costs. Developers can give real feedback on the costs of implementing the City’s programs.

Mr. Thomas requested that the draft of recommendations and code revisions be forwarded to members in advance for review prior to meeting in which the draft will be presented.

8. Goals and Deliverables for the Next Meeting.

This item was not discussed specifically. Goals and deliverables were discussed with respect to the topics covered during the deliberation of other agenda items.

9. Set Next Meeting Dates and Times.

Members and participants discussed specific groups to engage in the next meetings: developers, architects, RPP workers, SBE and LBE firms, prime contractors, training organizations, and commerce agencies. Specific groups referenced were MAWIB, Big Step, Prism Technical, Cross Management Services, NAACP, Urban League, and various Chambers of Commerce.

Members concluded that there will be two public input committee meetings at City Hall in February followed by a regular committee meeting in March.

The first February meeting is Thursday, February 11, 2016 at 10:30 a.m. and will focus on public input from the developer, monitor, and contractor sectors.

The second February meeting is Thursday, February 25, 2016 at 9 a.m. and will focus on public input from the trade, union, training, and commerce sectors.

Members and participants discussed outreach and structure for the next meetings.

Ms. Lutzka and Commissioner Marcoux said that they have given a list of developers to Ald. Stamper.

Ms. Robinson said that the public input meetings should be a combination of a structured session and open comment section. There should be a select group that should speak during the structured portion. Perhaps a small team can be put together after the meeting today to set the structure, agenda, and outreach for the upcoming meetings.

Ald. Stamper concurred and asked that he, Ms. Robinson, Mr. VanNatta, Ms. Lofton, and Mr. Szopinski meet to plan, structure, and assign outreach for the public input meetings.

10. Adjournment.

*Meeting adjourned at 12:43 p.m.
Chris Lee, Staff Assistant*