

# Residents Preference Program

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2009 Annual Report

Department of Public Works

City of Milwaukee

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## **2009 Residents Preference Program Report**

### ***Executive Summary:***

Section 309-41 of the Milwaukee Code of Ordinances requires that the Department of Public Works submit an Annual Report to the Common Council summarizing the results of activities of the Residents Preference Program (RPP) of the previous year.

The ordinance required that 25 percent of worker hours be performed by unemployed residents of the special impact area except in special cases where the Commissioner of Public Works determines there is sufficient reason to impose lesser levels of participation. The designated target area district corresponds to the City's Community Development Block Grant Area. In August of 2009, the ordinance was changed and the RPP requirements were increased from 25% to 40%. Therefore, for contracts initiated on or after August 10, 2009 the ordinance requires that 40% of worker hours consist of unemployed or underemployed residents. Also, the special impact area has been expanded from the Community Development Block Grant Area to encompass the entire area of the City. Although limited to very few contracts awarded after July of 2009, both of these changes will be reflected in this RPP report.

This report contains several exhibits each illustrating a certain aspect of the program's performance.

Exhibit A is a summary of 2009 activities as it pertains to the RPP. Most importantly, the average target resident participation rate for 2009 contracts that have been closed to date is 31.8%. Meaning, nearly one-third of the work on completed DPW contracts has been fulfilled by target residents. Also, the percentage of contracts that did not have a target residency requirement decreased slightly to 6.1%. This includes 9 of the 147 contracts opened in 2009. DPW has made every effort to require a 25% participation rate in as many contracts as possible. In accordance with Chapter 309 of the Milwaukee Code of Ordinances, all contracts entered into after August 15, 2009 now require 40% target hours. Only eight contracts requiring 40% target hours have been completed as of this writing; therefore, most of these changes will be reflected in next year's RPP report. In cases where DPW does not require any resident worker participation, it usually involves specialty projects where potential bidders are not local contractors and typically do not have local employees. The participation criterion may also be waived when funding sources, such as the Wisconsin Department of Transportation, deny the city from imposing the RPP requirement. A more detailed explanation is included in this report in a section titled *Contracts Requiring less than 25% Residence Participation*.

Exhibit B is a summary of the required RPP percentage and the actual RPP percentage by year for the last 12 years. The exhibit clearly demonstrates that the Department has met or exceeded the required percentages each year. In 2009, based on the 131 closed contracts, the actual target resident participation is 31.8%.

Exhibit C illustrates the number of target resident workers that have been certified over the last 12 years. There were a total of 482 newly certified workers in 2009. In addition, 677 new workers have been certified through October 4, 2010 this year. There is currently a total of 5,047 certified resident workers. The Department has continued to collaborate with community agencies to increase the pool of certified target resident workers. In addition to City staff, three agencies assist in certifying new workers for the Residents Preference Program: Esperanza Unida, The Milwaukee Urban League, and Big Step. These organizations have proven to be valuable partners in locating workers eligible for the program.

Exhibit D displays a series of columns including total target area residence hours spent on a particular contract, the percentage of resident worker hours from the total contract hours, and the percentage of resident worker wages from the total contract wages.

Based on hours, the actual percentage of resident worker hours achieved is 31.8% and the percentage of the total contract dollar amount spent on wages that was paid to resident workers was 30.4%.

This exhibit also shows that the average percentage of hours worked by Milwaukee resident workers is 45.7% (13.9% higher than the target area residents). This figure suggests that contractors performing services for DPW have a large percentage of Milwaukee residents (target and non-target) active in their workforce.

Also included in Exhibit D is a summary of closed contracts subject to the 40% RPP requirement. Only one contract failed to meet the residency requirement, and together they averaged 40.66% target resident hours. Next year's RPP report will better reflect changes made to the residency requirement.

This report also contains Exhibit E, which shows a race and gender breakdown of hours spent on DPW contracts. In addition, Exhibit F provides data on the performance of DPW's apprentice program for 2009 closed contracts. Approximately 38.6% of the apprentices were of a minority group, which is significantly less than the 44.7% minority apprentices witnessed in 2008. Also, 62.3% of the apprentice hours worked for closed 2009 contracts were performed by target area residents.

Exhibit G shows all job classifications occupied by target resident workers. In 2009, there were 29 different classifications with 1,380 total contract jobs.

DPW staff continues to hold an annual mandatory meeting with all potential bidders on any DPW contracts. During this meeting, emphasis is placed on programs such as the Residents Preference Program, Emerging Business Enterprise (EBE) program, and Prevailing Wages. Furthermore, every time a new contractor is awarded a contract, a special meeting is held to discuss these programs at length in order to avoid any future and unnecessary noncompliance.

## **CONTRACTS REQUIRING LESS THAN 25% RESIDENT PARTICIPATION**

In 2009, there were 147 formal construction contracts entered into by the Department of Public Works. Thirteen (13) of these formal contracts had no resident participation requirements or requirements that were less than 25%. In each case, the decision to reduce the normal resident participation requirement was made after discussions with the contracting division concerning the type and exact method of construction involved in the project. The decision to lower the participation requirement on each of these thirteen contracts was based on one or more of the following factors:

1. The work involved was highly specialized requiring skills and experience not represented on the list of eligible resident workers and not likely to be found in the population of potential target resident workers. An example of this situation was the selection of a contractor to replace the tank liner at the Linnwood Purification Plant, or to provide elevator maintenance at various City facilities. Experienced workers were required.
2. The contract was primarily for the purchase of equipment that could be installed by a small number of workers with specialized skills. For instance, most of the cost associated with a new vehicle lift at the Central Repair Garage was for equipment purchase with relatively little spent on labor.
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 was the Department's contract for seal coating various city streets. Similar to 2005, in 2007 a newer method of seal coating was selected for this work. The new method was only being performed by contractors located outside the Milwaukee area. Unique equipment and specially trained personnel were required to perform the seal coating.
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 social requirements that exceed the standards and requirements of the grantor. For example, the City received a CMAQ State grant to fund a Beer Line bike/recreational corridor landscaping project. The State does not have a resident participation program and would not let the City impose its program while utilizing grant funds. This project's value was \$141,999.82, which amounts to less than 1% of the total contract amount for 2009.
5. The contract is for services that will be provided on an unpredictable schedule. A common example is snow plowing. DPW signs up several small independent snow plowers. These small contractors generally have very few employees. Requiring them to meet RPP standards for work that is uncertain is unreasonable.

## Exhibit A

### 2009 RESIDENTS PREFERENCE PROGRAM SUMMARY DATA

#### Data for Contracts Closed in 2009

2009 Contracts Closed as of 10/1/2010	131
Overall Target Resident Participation in Closed Contracts	31.8%
2009 Contracts with no Resident Requirement	9
% of Contracts with no Resident Requirement	6.1%
2009 Contracts with RPP Requirement <25%	4
2009 Contracts with RPP Requirement of 40%	30
2009 Closed Contracts not Meeting RPP Requirement	21 <sup>1</sup>
2009 Closed Contracts with Actual Performance >25%	105

#### 2009 Contract Data

2009 Formal Construction Contracts	147
Total Amount of 2009 Formal Construction Contracts	\$69,825,417

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<sup>1</sup> The contracts not meeting the 25% residency requirement averaged 15.7% resident worker hours on their respective contracts.

## **Exhibit B**

### **Resident Participation Summary**

<b>Year</b>	<b>Required %</b>	<b>Actual %</b>	<b>Total Contracts</b>	<b>Contracts Closed</b>
1997	25%	26.2%	229	229
1998	25%	27.5%	216	216
1999	25%	27.6%	154	154
2000	25%	30.4%	138	138
2001	25%	26.1%	126	124
2002	25%	28.8%	128	128
2003	25%	27.4%	140	140
2004	25%	31.1%	150	146
2005	25%	31.5%	132	115
2006	25%	30.6%	126	108
2007	25%	30.5%	133	94
2008	25%	31.3%	152	69
2009	25% / 40%	31.8%	147	131

## Exhibit C

### CERTIFICATION OF TARGET RESIDENT WORKERS

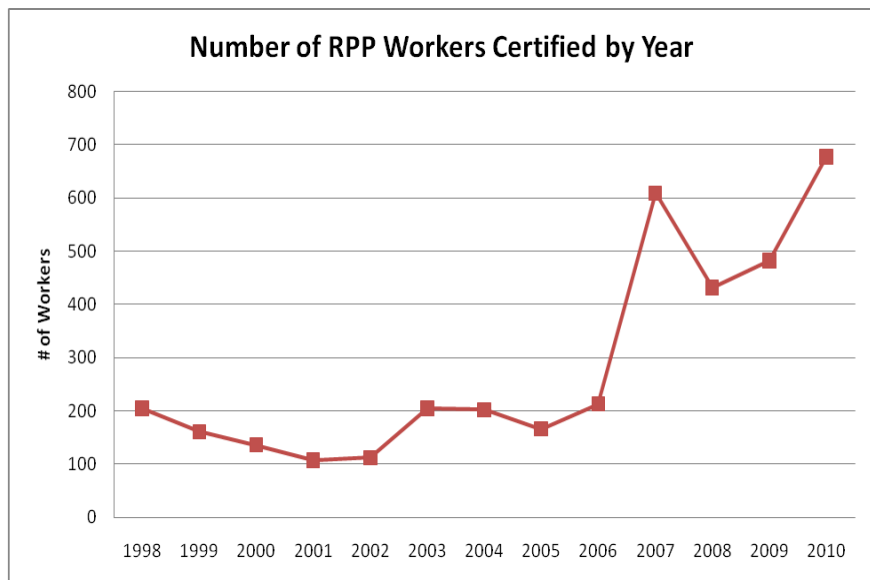
Total Resident Workers Certified (1991 through 10/4/10)	5,047
Total Resident Workers Eligible as of 10/4/10 (5 year eligibility)	2,413

#### **New Resident Workers Certified by Year**

Year	New Certified Workers
1998	205
1999	161
2000	136
2001	107
2002	112
2003	205
2004	202
2005	166
2006	213
2007	609
2008	432
2009	482
2010 (through 8/4/10)	677

*During the six-year time period between 1998 and 2003, an average of 154 residents were certified each year. In the seven-year period following 2003, 397 residents have been certified annually.*

The 677 residents certified to participate in the Residents Preference Program during the first 9 months of 2010 signals an increase from previous years. In recent years there have been more registrants for the Residents Preference Program than was the case in the late 1990s, particularly in 2007.



DPW updates its list of certified residents in collaboration with area agencies involved in the program. The above-mentioned agencies, Esperanza Unida, Milwaukee Urban League, and Big Step also certify people to participate in the program. These agencies are strategically located in the near north side, near west side, and near south side, making them more accessible for potential resident workers. While becoming certified to participate in the Residents Preference Program does not guarantee anyone a job, it does enhance opportunities for future employment with participating firms.