

Residents Preference Program

2011 Annual Report

Department of Public Works

City of Milwaukee

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2011 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, 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 2011 activities as it pertains to the RPP. The average target resident participation rate for 2011 contracts that have been closed to date is 43.8%. Work on completed DPW contracts has been fulfilled by target residents and is currently exceeding the 40% RPP requirement. The percentage of contracts that did not have a target residency requirement decreased from 9.8% in 2010 to 4.1% in 2011. DPW has made every effort to require a 40% 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. At the time of this writing, 83 contracts have been closed which require 40% target hours (17 require 25%). This number is up from one year ago, when 51 contracts with a 40% requirement had been closed. In cases where DPW does not require any resident worker participation usually involve 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 4 years. The exhibit demonstrates that the Department has met and exceeded the required percentages each year. Both 2008 and 2009 exceeded the 25% RPP requirement by 5% to 7%. The actual target resident participation rate for the (71) 2010 contracts is 44.1%. As for 2011, (47) closed contracts are currently at an average of 43.8%.

Exhibit C: Illustrates the number of target resident workers that have been certified over the last 12 years. There were a total of 787 newly certified workers in 2009. In addition, 802 new workers have been certified through November 1 2011. There is currently a total of 5844 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 tables representing the total target area residence hours spent on a particular contract, the percentage of resident worker hours from the total contract hours in years 2006-2011, and the percentage of resident worker wages from place of residency.

On an hourly basis the actual percentage of target resident worker hours achieved is 40.2%. The percentage of total contract dollars spent on wages that were paid to target resident workers is 42.3%.

The average percentage of hours worked by Target Milwaukee Resident workers is at 40.2%, 12.3% lower than Non-Resident Workers. Contractors performing services for DPW have large percentages of both Target Milwaukee Resident and Non-Resident Workers.

Exhibit E: Breaksdown hours spent on DPW contracts by race and gender

Exhibit F: Provides data on the performance of DPW's apprentice program for 2011 closed contracts. Approximately 29% of apprentices were of a minority group, which is less than the 42% witnessed in 2010. Also, 21% of apprentice hours worked for closed 2011 contracts were performed by Target Area Residents. This figure is much less than 2009 & 2010 contracts showing Target Area Residents totaling 62.3% (2009) & 39% (2010) of apprentice hours.

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, Minority-Woman-Small Business Enterprise program, and Prevailing Wages. Furthermore, everytime 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 2011, there were 123 formal construction contracts entered into by the Department of Public Works. Four (4) of these formal contracts had no resident participation requirements. In each case, the decision to not require normal resident participation requirement was made after discussions with the contracting division concerning the type and exact method of construction involved in the project. Decision to lower or eliminate the participation requirements is 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. Examples of this would include all contracts funded by the American Recovery and Reinvestment Act of 2009 (Stimulus).
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.

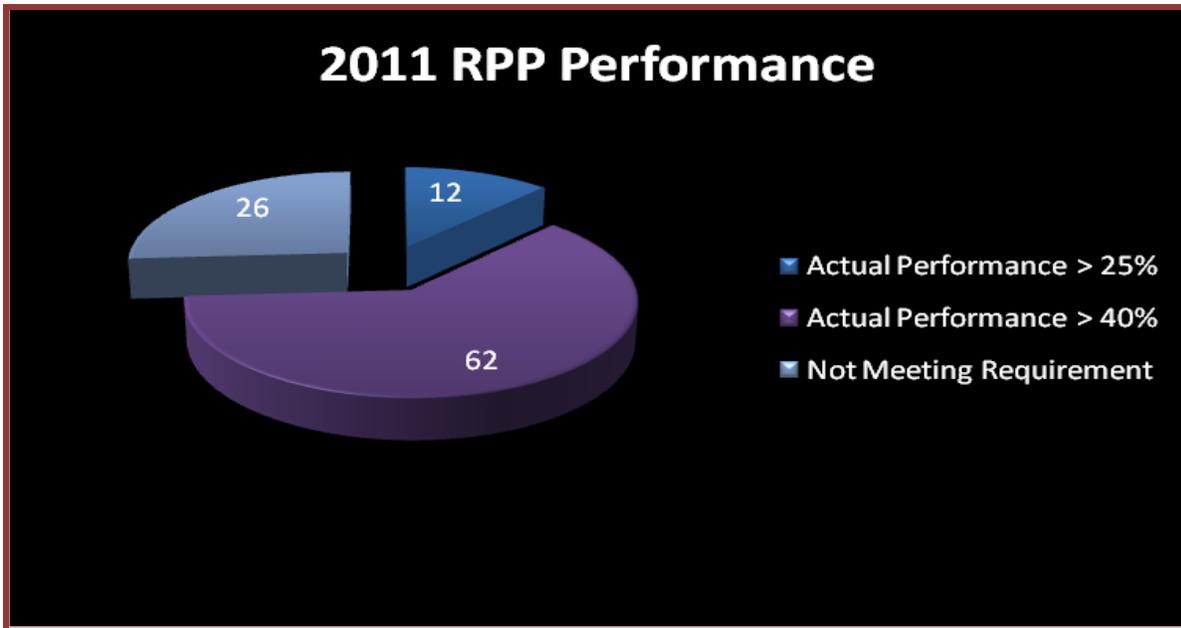
Exhibit A

2011 RESIDENTS PREFERENCE PROGRAM SUMMARY DATA

Data for Contracts Closed in 2011

✚ Contracts Closed as of 12/1/2012	<u>104</u>
✚ Overall Target Resident Participation in Closed Contracts	40.2% (Target Area \$)
✚ 2011 Contracts with no Resident Requirement	4
✚ % of Contracts with no Resident Requirement	4.16%
✚ Closed Contracts (2011) with RPP Requirement of 25%	17
✚ Closed Contracts (2011) with RPP Requirement of 40%	83
✚ Closed Contracts (2011) not Meeting RPP Requirement	26
✚ Closed Contracts (2011) with Actual Performance > 25%	89
✚ Closed Contracts (2011) with Actual Performance > 40%	62

2011 Formal Construction Contracts	<u>123</u>
Total Amount of 2011 Formal Construction Contracts	<u>\$51,087,246.90</u>

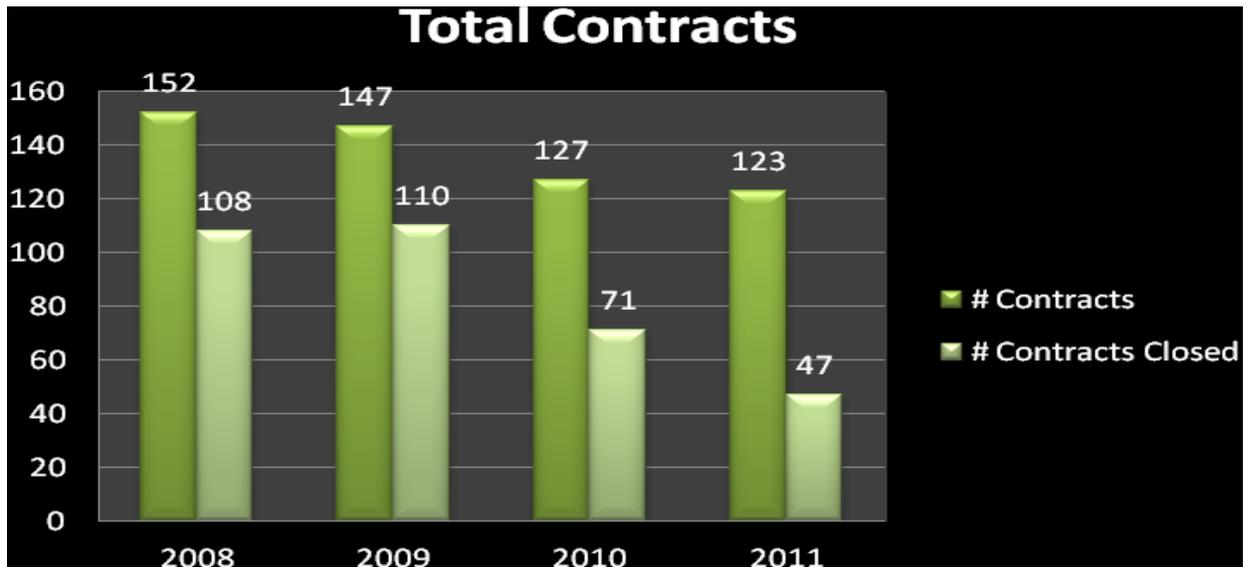


- ✚ Twenty (**20**) **contracts fell short of the 40% RPP** requirement by an average of **9.1%**.
- ✚ Six (6) **contracts fell short of the 25% RPP** requirement by an average of **7.6%**

Exhibit B

Resident Participation Summary

YEAR	REQUIRED %	ACTUAL %	TOTAL CONTRACTS	CONTRACTS CLOSED
2008	25%	30.20%	152	122
2009	25%/40%	32.70%	147	108
2010	40%	44.10%	137	71
2011	40%	43.80%	123	47



✚ *Current data demonstrates that years 2010 & 2011 are **exceeding RPP requirements by at least 3%.***

✚ *Years 2007 & 2008 **exceeded RPP requirements by at least 5%.***

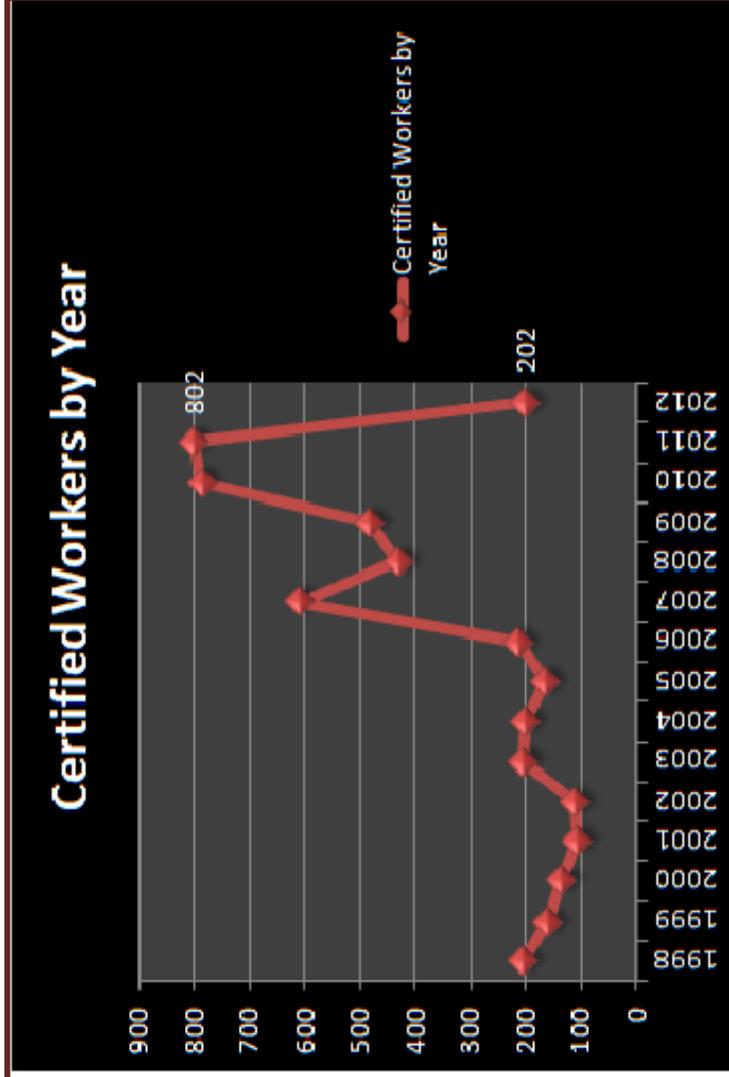
CERTIFICATION OF TARGET RESIDENT WORKERS

Total Resident Workers Certified (1991 through 12/1/2012) 5,844

Total Resident Workers Eligible as of 12/1/2012 (5 year eligibility) 2,290

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	787
2011	802
2012	202



- ✚ During the six year time period between 1999 and 2004, an average of 154 residents were certified each year.
- ✚ In the seven year period following 2004, 448 residents have been certified annually.
- ✚ The high rate of certification dropped from a high of 802 to 202 in the period between 11/1/2011 & 12/1/2012

Exhibit C Cont.

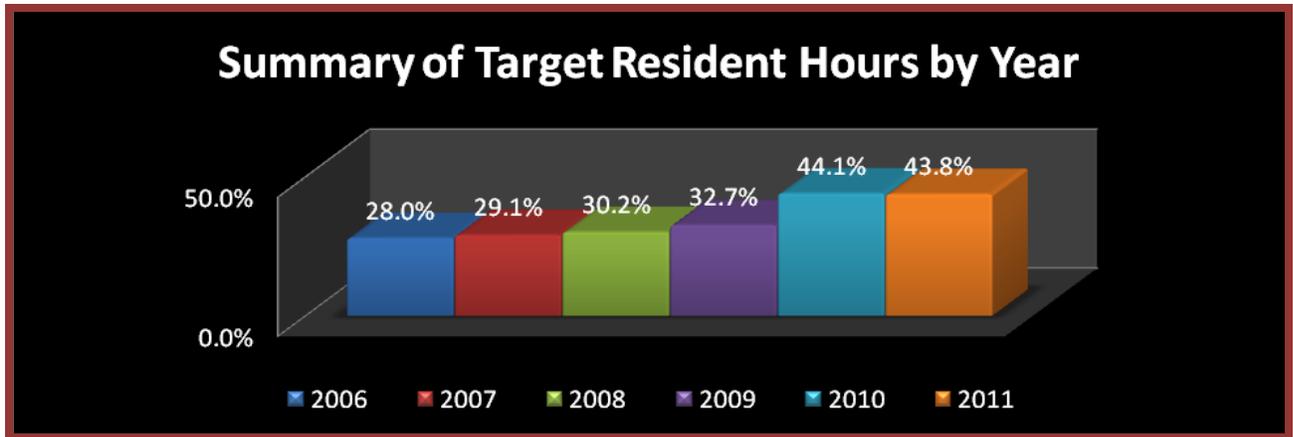
The 802 residents certified to participate in the Residents Preference Program during the first 11 months of 2011 signaled an increase from previous years, and is the highest annual total to date. In recent years there have been more registrants for the Residents Preference Program than was the case in the late 1990's, particularly in 2007, 2010 and 2011.

DPW updates its list of certified residents in collaboration with area agencies involved in the program. The abovementioned 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.

Exhibit D

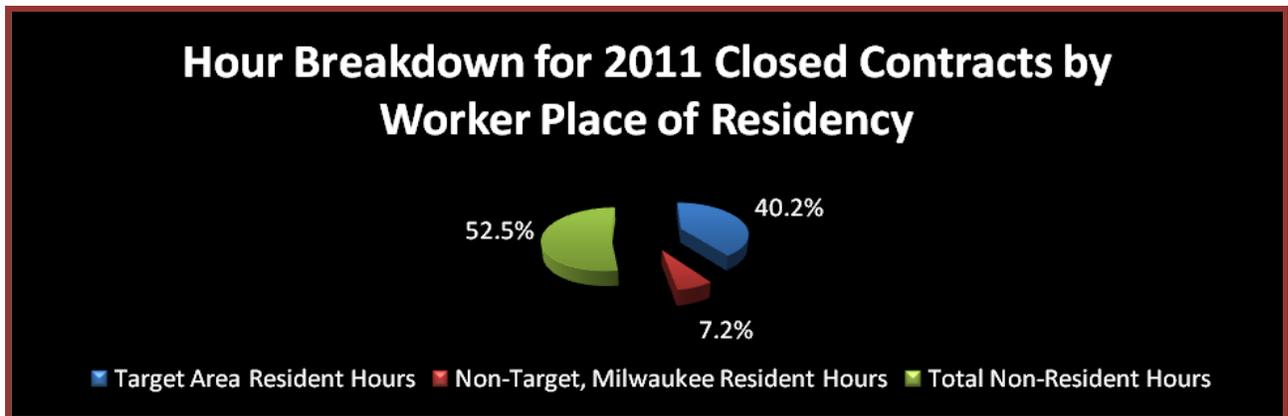
Summary of Residency Hours by Year		
Year		% Target Resident Hours
2006		28.0%
2007		29.1%
2008		30.2%
2009		32.7%
2010		44.1%
2011		43.8%

*(47 2011 Contracts)



*(47 2011 Contracts)

✚ 2006-2009 % RPP Requirement = 25%, 2010-2011% RPP Requirement = 40%

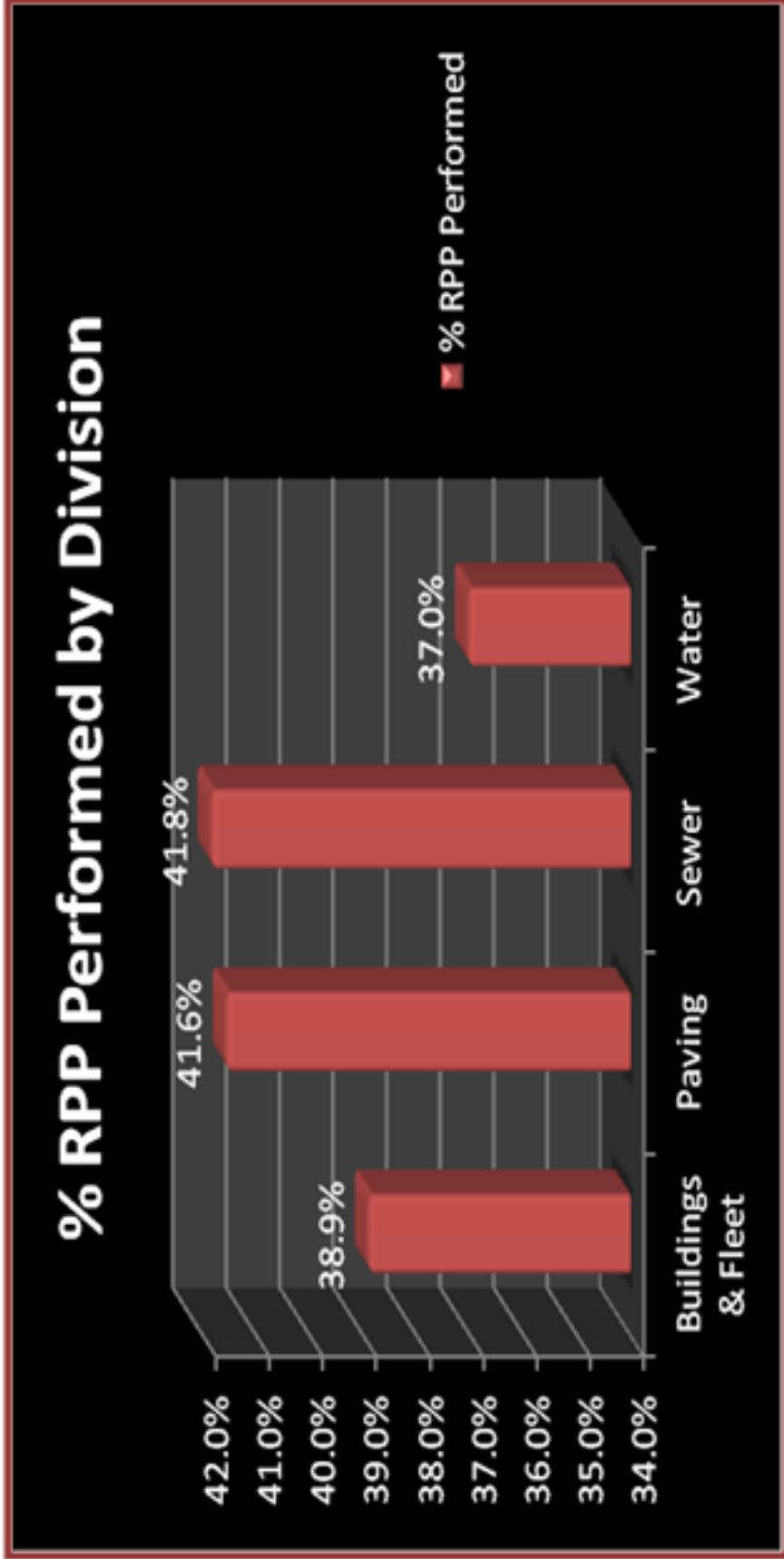


(104 Contracts Closed in 2011)

- ✚ Total Non-Resident Hours exceeds Target Area Resident Hours by **12%**.
- ✚ Target Area Resident Hours exceeds RPP requirements by **2%**.
- ✚ Target Area Resident Hours by year exceeds RPP requirements by **3.8%**

RPP Performed By Division

*Percentages based on the 104 contracts closed in 2011

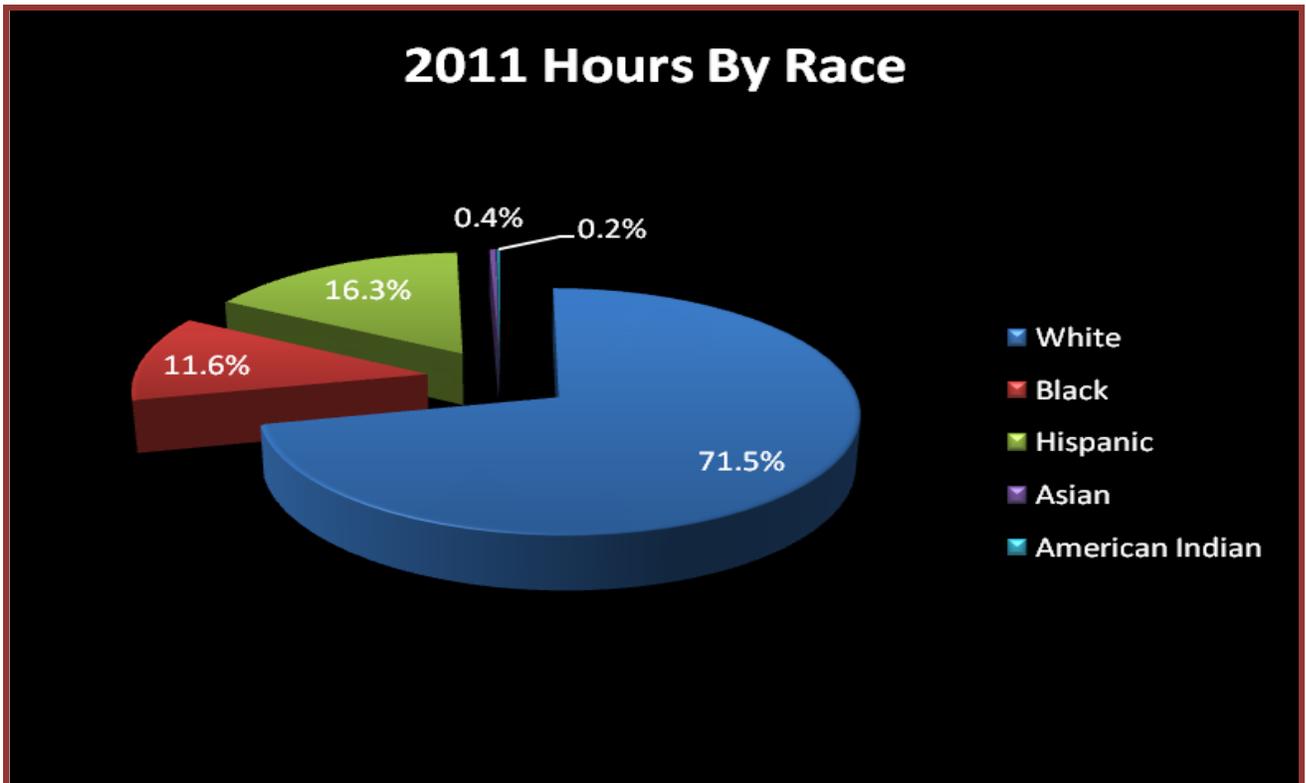


- ✚ The above graph illustrates the % of RPP by Division for all contracts closed in 2011
 - ✚ By Division both Paving and Sewer are exceeding RPP requirements
 - ✚ While Buildings & Fleet and Water are not meeting RPP by Division. RPP requirements are being met overall as RPP is a greater percentage in Paving & Sewer.
- | | |
|------------------------------|-------|
| ✚ Buildings & Fleet Division | 38.9% |
| ✚ Paving Division | 41.6% |
| ✚ Sewer Division | 41.8% |
| ✚ Water Division | 37.0% |

Exhibit E

Contracts by Race and Gender

2011 SUMMARY OF HOURS	TOTAL	%
White	69,280.73	71.5%
Black	11,262.00	11.6%
Hispanic	15,806.00	16.3%
Asian	384.25	0.4%
American Indian	161.50	0.2%
Male	95,524.73	98.6%
Female	1,369.75	1.4%



*(47 2011 Contracts)

Exhibit E Cont.

Summary of hours worked by Race & Gender

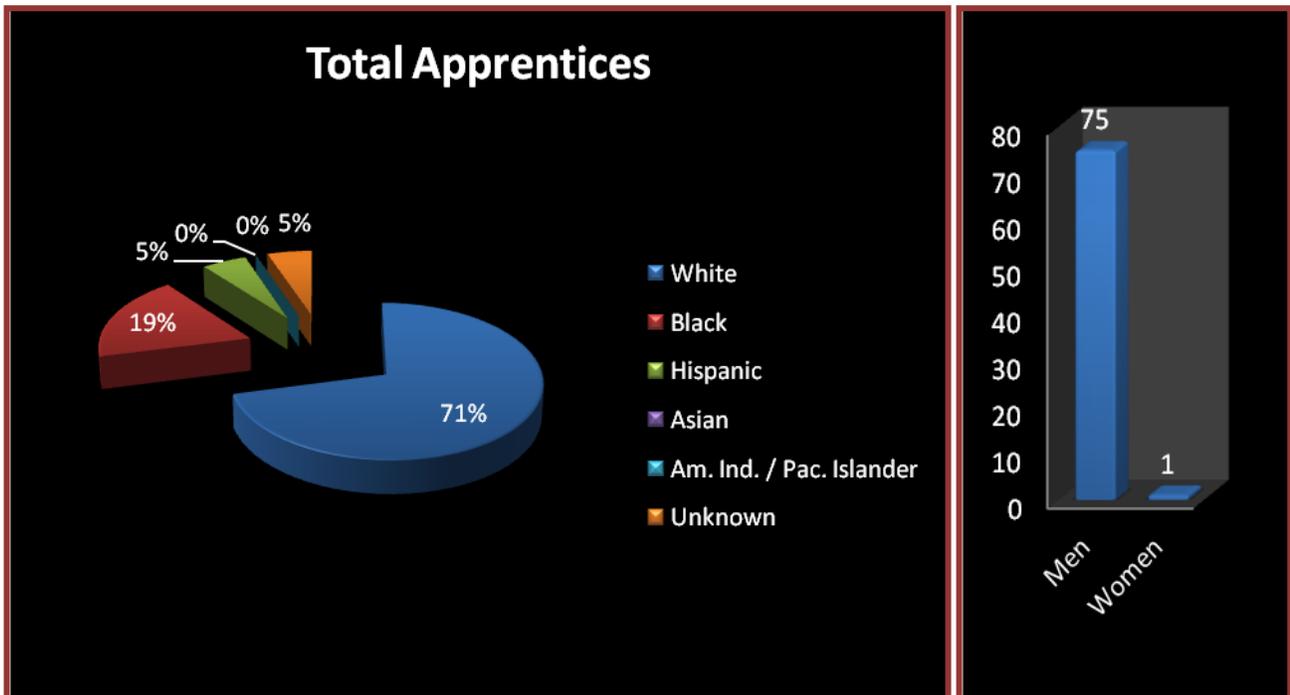
SUMMARY OF HOURS WORKED FOR 2011 DPW CONTRACTS BY RACE & GENDER												
Contract Number	Contractor	White Male	White Female	Black Male	Black Female	Hispanic Male	Hispanic Female	Asian Male	Asian Female	A.I. Male	A.I. Female	Total Hours Worked
C523110095	Zenith Tech	596.25	5.00	0.00	0.00	184.50	0.00	0.00	0.00	0.00	0.00	785.75
C523110004	Willkomm Excavating and Grading	89.00	0.00	0.00	0.00	20.50	0.00	0.00	0.00	0.00	0.00	109.50
C523110009	Visu-Sewer	294.75	0.00	136.50	0.00	40.00	0.00	0.00	0.00	0.00	0.00	471.25
C523110112	UPI	1,095.25	0.00	229.00	0.00	11.00	0.00	0.00	0.00	0.00	0.00	1,335.25
C523110101	Stark Asphalt	1,310.50	10.50	809.00	0.00	427.25	0.00	0.00	0.00	67.00	0.00	2,624.25
C523110083	Stark Asphalt	488.50	0.00	284.75	0.00	154.50	0.00	31.00	0.00	0.00	0.00	958.75
C523110072	Stark Asphalt	624.00	0.00	170.50	0.00	75.25	0.00	0.00	0.00	0.00	0.00	869.75
C523110040	Stark Asphalt	683.00	0.00	232.25	0.00	388.75	0.00	0.00	0.00	0.00	0.00	1,304.00
C523110033	Stark Asphalt	1,768.50	27.00	545.00	0.00	800.00	0.00	5.50	0.00	0.00	0.00	3,146.00
C523110089	Snorek Construction	1,599.75	0.00	254.50	0.00	25.75	0.00	94.75	0.00	0.00	0.00	1,974.75
C523110087	Snorek Construction	2,161.00	24.00	328.50	0.00	53.00	0.00	109.50	0.00	0.00	0.00	2,676.00
C523110078	Snorek Construction	4,449.00	0.00	1,048.00	0.00	0.00	260.25	0.00	0.00	0.00	0.00	5,757.25
C523110096	Smithsonian Materials	188.00	0.00	0.00	0.00	421.00	0.00	0.00	0.00	0.00	0.00	609.00
C523110048	Rawson Construction	1,328.00	0.00	152.00	0.00	139.50	0.00	0.00	0.00	5.00	0.00	1,624.50
C523110007	Rawson Construction	1,130.00	0.00	0.00	0.00	7.50	0.00	0.00	0.00	0.00	0.00	1,137.50
C523110123	Paul Crandall & Associates	306.50	0.00	142.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	449.00
C523110010	Musson Bros.	300.50	0.00	0.00	0.00	184.00	0.00	42.00	0.00	0.00	0.00	526.50
C523110046	MM Schranz Roofing	610.50	0.00	275.50	0.00	836.00	0.00	0.00	0.00	0.00	0.00	1,722.00
C523110074	MJ Construction	1,590.25	72.25	191.00	180.50	104.25	0.00	20.25	0.00	20.00	7.50	2,186.00
C523110073	MJ Construction	3,894.00	104.00	250.75	136.50	123.25	0.00	24.50	0.00	21.50	3.00	4,557.50
C523110060	MJ Construction	3,214.00	0.00	282.50	60.50	373.50	0.00	0.00	0.00	16.50	0.00	3,947.00
C523110045	MJ Construction	1,436.75	0.00	151.50	0.00	39.50	0.00	0.00	0.00	7.00	0.00	1,634.75
C523110039	MJ Construction	5,531.75	0.00	836.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,367.75
C523110029	MJ Construction	1,549.25	0.00	38.50	0.00	167.50	0.00	0.00	0.00	0.00	0.00	1,755.25
C523110002	MJ Construction	1,871.00	0.00	197.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,068.00
C523110100	Milwaukee General	625.50	9.00	75.75	0.00	721.75	40.50	0.00	0.00	0.00	0.00	1,472.50
C523110093	Milwaukee General	798.75	0.00	174.50	0.00	544.50	12.00	11.00	0.00	0.00	0.00	1,540.75
C523110086	Milwaukee General	2,236.00	8.00	399.50	0.00	1,530.50	46.00	0.00	0.00	0.00	0.00	4,220.00
C523110066	Milwaukee General	695.00	15.00	176.25	0.00	819.00	23.75	0.00	0.00	0.00	0.00	1,729.00
C523110036	Milwaukee General	1,090.75	6.00	92.25	0.00	895.50	34.00	3.00	0.00	0.00	0.00	2,121.50
C523110034	Milwaukee General	1,059.00	15.50	88.50	0.00	1,063.50	0.00	0.00	0.00	0.00	0.00	2,226.50
C523110025	Milwaukee General	1,032.75	53.00	116.50	0.00	839.75	0.00	0.00	0.00	0.00	0.00	2,042.00
C523110024	Milwaukee General	724.25	8.00	56.25	0.00	528.75	7.00	0.00	0.00	0.00	0.00	1,324.25
C523110023	Milwaukee General	972.00	14.00	76.75	0.00	599.00	19.25	0.00	0.00	0.00	0.00	1,681.00
C523110079	Milwaukee Contrete	2,152.98	0.00	147.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,300.73
C523110042	Mainline Sewer	1,700.25	0.00	403.50	0.00	368.50	0.00	0.00	0.00	0.00	0.00	2,472.25
C641110084	Globe Contractors	548.75	9.25	248.50	0.00	23.00	0.00	0.00	0.00	0.00	0.00	829.50
C523110070	DC Burbach	1,590.25	27.00	159.50	0.00	736.50	0.00	4.50	0.00	0.00	0.00	2,517.75
C523110014	C.W. Purpero	107.00	8.75	27.00	0.00	10.75	0.00	0.00	0.00	0.00	0.00	153.50
C641110119	United Sewer & Water	156.50	0.00	22.00	0.00	28.50	0.00	0.00	0.00	0.00	0.00	207.00
C523110062	Burkhart Construction	3,033.75	0.00	1,022.25	111.00	1,096.75	0.00	0.00	0.00	0.00	0.00	5,263.75
C523110041	Arteaga Construction	2,117.00	0.00	408.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	2,725.00
C523110005	Arteaga Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C523110044	American Sewer Service	6,231.25	0.00	367.75	4.00	547.50	0.00	38.25	0.00	14.00	0.00	7,202.75
C523110003	American Sewer Service	1,129.25	0.00	50.25	0.00	73.00	0.00	0.00	0.00	0.00	0.00	1,252.50
C523110015	MJ Construction	1,689.75	0.00	83.75	7.75	11.25	0.00	0.00	0.00	0.00	0.00	1,792.50
C523110016	MJ Construction	1,063.75	0.00	10.00	0.00	148.75	0.00	0.00	0.00	0.00	0.00	1,222.50
TOTAL		68,864.48	416.25	10,761.75	500.25	15,363.25	442.75	384.25	0.00	151.00	10.50	96,894.48

*(47 2011 Contracts)

Exhibit F

Number of Apprentices by Race and Gender		
	Count	%
White	54	70%
Black	15	19%
Hispanic	4	5%
Asian	0	0%
Am. Ind. / Pac. Islander	0	0%
Unknown	4	5%
Total Appentices	77	100%
Men	76	99%
Women	1	1%
Target Area Appentices	16	21%

✚ Closed Contracts originating (2011) Resident Preferrnce Program Apprentices.



- ✚ White apprentices exceed all races by at least **50%**
- ✚ Male apprentices exceed Females **75 to 1.**