



Business Operations Division
Office of Small Business Development

Tom Barrett
Mayor

Rhonda U. Kelsey
City Purchasing Director

Nikki Purvis
Manager

MEMORANDUM

TO: Honorable Members of the Common Council

FROM: Nikki Purvis, Small Business Development Manager

DATE: April 8, 2015

RE: Small Business Enterprise Utilization

On February 23, 2015, at the Community and Economic Development (CED) Committee Meeting, Chair Alderman Joe Davis requested that the Office of Small Business Development (OSBD) present a communication file at the March 23, 2015 CED meeting identifying Small Business Enterprise (SBE) utilization from 2012-2014. Specifically, OSBD was asked to identify the number of SBE firms certified as well as the number of firms awarded City of Milwaukee contracts during the abovementioned timeframe. At the time of the request, not all contracting data for 2014 was readily available and therefore the information provided is not a complete depiction of the City's efforts. Nonetheless, the data within this memorandum addresses Chair Davis' request for information.

From 2012-2014, 435 firms were certified with the City of Milwaukee; 62 new firms were certified and 373 firms renewed their certification. These figures encompass the Small Business Enterprise certification and the Minority and Woman-Owned Business Enterprise certifications which were repealed in 2013. Over the three year period, the City awarded a total of \$533M in contracting dollars; 159 or 37% of certified firms received \$79 M or 15% of those dollars.

Certification Statistics	Total Dollars	Percentage	Total Awards
Firms with contract awards (159)	\$79M	15%	2110

The number of firms without contract awards (63% or 276) may be a result of the lack of firms certified to provide a commodity or service, departments not requesting to procure a commodity or

service provided by a small business, a firm's non-engagement in City contracting opportunities or the absence of documentation of contract awards by departments. The highest concentration of firms are certified in areas where the city spends the most funds; construction. Additionally, for a myriad of reasons, ranging from bonding and insurance requirements, challenges with the bidding process as well as a business owner determining that government contracting is no longer desirable, firms refrain from engaging in the City's contracting opportunities. The table below illustrates small business engagement in contracting opportunities from 2012-2014.

Contracting Activities	Total Firms	Percentage
Firms with contract awards	159	37%
Firms engaged in contracting activity without awards	52	12%
Firms not engaged in contracting activity	224	51%

A total of 52 or 12% of firms engaged in the Bid/RFP process did not receive contract awards however, they were active in the procurement process and often submitted multiple responses for several contracts. Though not reflected in this report, many of the firms not engaged in the City's procurement efforts were awarded \$49M in contracts on private development projects receiving direct City financial assistance.

The quantity of awards (formal and informal contracts, purchase orders) is inclusive of all departments with contracting authority; Department of Administration - Business Operations Division – Procurement Services Section (DOA-BOD-PSS), Department of Public Works, Department of Neighborhood Services, Milwaukee Fire Department, Milwaukee Police Department, Milwaukee Public Libraries, Department of City Development and Port of Milwaukee.

As a standard process, OSBD reviews all procurement requests (requisitions) submitted to DOA-BOD-PSS, which procures commodities and services for all city departments, and assists other contracting departments with determining the availability of Small Business Enterprise (SBE) firms. Moreover, if there are less than three (3) SBE firms that can provide the requested commodity or service, SBE participation is not required however, contracting departments may still utilize an SBE.

In many ways, recognition as a small business enterprise serves as a gateway to contracting opportunities beyond the City of Milwaukee and, it is an essential component of generating

revenue. Because the City understands the impact it has on the growth and sustainability of small businesses, we will continue to evaluate and identify best practices and policies that enhance and increase contracting opportunities. Continuous collaborative efforts with community partners are critical to improving the economic and entrepreneurial landscape of our city.