

City of Milwaukee Disparity Study Phase I Preliminary Findings Presentation

July 19, 2010

Consultant Qualifications

- Management Consulting Firm specializing in MBE/DBE Programs and Disparity Studies
- 20 Years of Disparity Study experience
- Over 60 Disparity Studies
- State Agencies
- Local Governments
- State Universities and Community Colleges
- Multi-Agency Consortia

Objectives

- The three (3) primary objectives of the study were to determine:
 1. If a statistically significant disparity exists between the number of minority-owned and women-owned business enterprises that are ready, willing, and able to provide goods and services to the City and the number of minority-owned and women-owned businesses that were actually providing goods and services to the City during calendar years 2005, 2006, 2007 and 2008.

Objectives

2. The extent to which minority and women-owned business participate in the procurement of contracts with the City of Milwaukee in construction services, professional services and goods and services.
3. Whether minority and women-owned business participation is representative of the availability of minority and women owned businesses ready, willing and able to participate in contracts within the City of Milwaukee.

Background

Phase 1 Tasks - Completed

- Task # 1 - Legal Analysis
- Task # 2 - Contract Category and Data Collection
- Task # 3 - Relevant Market Area Analysis
- Task # 4 - Utilization Analysis
- Task # 5 - Availability of Qualified Firms
- Task # 6 - Disparity Analysis
- Task # 7 - Business Demographic Analysis
- Task # 8 - Phase I Preliminary Findings and Presentation

Legal Analysis

Reviewed the impact of relevant court decisions on Minority and Woman Owned Business programs to determine the current judicial requirements. The court cases included:

- *City of Richmond v. J.A. Croson Company*;
- *Adarand Constructor v. Peña*;
- *Western States Paving Co. v. Washington Department of Transportation*;
- *Contractors Ass'n. of Eastern Pennsylvania v. City of Philadelphia*;
- *Engineering Contractors of South Florida v. Metropolitan Dade County*;
- *Concrete Works of Colorado v. City and County of Denver*;
- *Northern Contracting, Inc. v. State of Illinois, et al.*; and,
- *Rothe Development Corp. v. US Department of Defense*.

Relevant Market Area Analysis

- To determine the relevant market area, we analyzed the contracts that were awarded to prime contractors to determine their geographic location by business category and county.
 - Construction - Milwaukee County, Waukesha County and Washington County, WI
 - Professional Services - Milwaukee County, Waukesha County, Washington County and Dane County, WI; Cook County, DuPage County and Kane County, Illinois; San Diego County and Los Angeles County, California; Dallas County, Texas; Pima County, Arizona and Spokane County, Washington
 - Goods & Services - Milwaukee County, Waukesha County and Ozaukee County, Wisconsin; and Cook County, Illinois

Utilization Analyses

- Construction

- Prime Contractor EBE Utilization - \$12,110,849 or 14.78 percent of total construction contract dollars
- Subcontractor EBE Utilization - \$13,781,332 or 16.82 percent of total construction contract dollars

- Professional Services

- Prime Contractor EBE Utilization - \$392,498 or 4.08 percent of total professional services contract dollars
- Subcontractor EBE Utilization - \$31,226 or 0.32 percent of total professional services contract dollars

- Goods & Services

- Prime Contractor EBE Utilization - \$1,552,095 or 7.55 percent of the total goods & services contract dollars
- Subcontractor EBE Utilization - \$1,743,228 or 8.48 percent of the total goods & services contract dollars

Availability Analyses

- Construction

- 4.64 percent of the prime contractors available to work on City contracts
- 16.46 percent of the subcontractors available to work on City contracts

- Professional Services

- 17.09 percent of the prime contractors available to work on City contracts
- 39.42 percent of the subcontractors available to work on City contracts

- Goods & Services

- 10.42 percent of the prime contractors available to work on City contracts
- 28.48 percent of the subcontractors available to work on City contracts

Disparity Analyses

- The following is the methodology utilized to determine if EBEs received a fair and equitable share of the subcontracting dollars:
 - Availability and Utilization data were analyzed
 - Disparity Index = Percent of Utilization divided by the Percent of Availability and multiplying the result by 100
 - A Disparity Index of 100 indicates parity, a balance between utilization and availability
 - A Disparity Index of less than 80 indicates significant underutilization

Preliminary Findings

FINDING 1:

The Relevant Market Areas for the City are:
Construction

County, State	# of Contracts	% of Contracts	# of Firms	% of Firms	Dollars	% of Dollars	Cum%
MILWAUKEE, WI	119	45.95%	36	52.17%	\$37,731,556.40	40.12%	40.12%
WAUKESHA, WI	90	34.75%	19	27.54%	\$31,974,730.55	34.00%	74.12%
WASHINGTON, WI	34	13.13%	2	2.90%	\$12,241,457.05	13.02%	87.14%

Preliminary Findings

FINDING 1: (continued)

Professional Services

County, State	# of Contracts	% of Contracts	# of Firms	% of Firms	Dollars	% of Dollars	Cum%
MILWAUKEE, WI	65	52.85%	46	48.42%	\$3,705,760.25	32.99%	32.99%
WAUKESHA, WI	10	8.13%	8	8.42%	\$2,188,211.30	19.48%	52.47%
WASHINGTON, WI	1	0.81%	1	1.05%	\$365,000.00	3.25%	55.72%
COOK, IL	7	5.69%	5	5.26%	\$169,040.20	1.50%	57.22%
DANE, WI	4	3.25%	4	4.21%	\$196,399.10	1.75%	58.97%
DU PAGE, IL	2	1.63%	2	2.11%	\$387,118.30	3.45%	62.41%
KANE, IL	3	2.44%	2	2.11%	\$262,300.00	2.33%	64.75%
SAN DIEGO, CA	2	1.63%	2	2.11%	\$212,503.40	1.89%	66.64%
LOS ANGELES, CA	2	1.63%	2	2.11%	\$68,009.00	0.61%	67.25%
DALLAS, TX	2	1.63%	2	2.11%	\$35,724.24	0.32%	67.56%
PIMA, AZ	2	1.63%	2	2.11%	\$32,955.00	0.29%	67.86%
SPOKANE, WA	1	0.81%	1	1.05%	\$2,000,000.00	17.80%	85.66%

Preliminary Findings

FINDING 1 (continued):

Goods & Services

County, State	# of Contracts	% of Contracts	# of Firms	% of Firms	Dollars	% of Dollars	Cum%
MILWAUKEE, WI	78	53.79%	59	50.86%	\$14,645,545.50	55.88%	55.88%
WAUKESHA, WI	28	19.31%	24	20.69%	\$3,937,131.85	15.02%	70.90%
OZAUKEE, WI	1	0.69%	1	0.86%	\$139,085.00	0.53%	71.43%
COOK, IL	9	6.21%	7	6.03%	\$1,837,823.47	7.01%	78.44%

Preliminary Findings

FINDING 2:

The statistical analysis identified disparity for several EBE groups as follows:

- Construction

African Americans, Asian Americans and nonminority Women were significantly underutilized with disparity indices of 52.86, 0.00. and 30.95 respectively

All other EBE groups were overutilized

- Goods & Services

Native Americans, Hispanic Americans and nonminority Women were significantly underutilized with disparity indices of 0.00, 17.18, 0.72 respectively

African Americans were underutilized with a disparity index of 86.97

All other EBE groups were overutilized

Findings & Recommendations

FINDING 3:

- Professional Services

101 Professional Services contracts were included in the sample analyzed

Prime Contractor EBE participation included African American, Asian American and nonminority Women owned firms

Subcontractor EBE participation included an African American owned firm

Summary

The results of the analyses conducted in Phase I of the Study shows that there is significant underutilization of minority-owned firms in construction, professional services and goods & services. It is important to identify the reasons and/or causes for the underutilization. This will be accomplished in Phase II of the Study.

Next Steps

Phase II Tasks

- Task # 9 - Regression Analysis
- Task #10 - Private Sector Analysis
- Task #11 - Anecdotal Data Collection and Analysis
- Task #12 - Recommendations for Program Revisions or Development
- Task #13 - Public Hearings
- Task #14 - Phase II Final Report Presentation

Questions and Answers