



Legislation Text

File #: 231200, **Version:** 1

231200 SUBSTITUTE 1

ALD. STAMPER, RAINEY, PRATT, TAYLOR, COGGS AND CHAMBERS
Substitute resolution relating to the City of Milwaukee 2023 Disparity Study.
This resolution:

1. Adopts the 2023 Disparity Study prepared by Griffin & Strong, P.C., including all of the Study's findings and recommendations.
2. Commits the City to implementing all recommendations of the 2023 Disparity Study.
3. Directs all City departments to take all necessary actions to implement the recommendations of the 2023 Disparity Study.

Whereas, In 2021, the City of Milwaukee contracted with Griffin & Strong, P.C., ("GSPC") to conduct a comprehensive disparity study to determine whether or not statistically significant disparity exists between the number of minority- and women-owned businesses that are ready, willing, and able to provide or perform goods, services (professional and non-professional) and construction services and the number of majority-owned concerns currently participating in these same types of contracts with the City; and

Whereas, GSPC analyzed the prime contractor contracting and subcontracting activities for the City's purchases in the industry categories of construction; architecture and engineering; professional services; other services; and goods during the 5-year study period January 1, 2015 through December 31, 2019; and

Whereas, GSPC has prepared and submitted to the City the 2023 Disparity Study that is attached to this Common Council file; and

Whereas, The 2023 Disparity Study contains a number of legal, policy, quantitative and anecdotal and private-sector findings, including:

1. The City continues to implement race- and gender-neutral measures to try to increase utilization of MWBE (minority- and women-owned business enterprise) firms, but the present Study shows that those measures have not been effective in resolving or significantly reducing the identified disparities. Accordingly, the City has a basis to introduce race and gender conscious remedies or policies toward that goal.
2. Anecdotal interviews indicated that there were some complaints by bidders or potential bidders that bond requirements were a barrier to participation in City contracting. Likewise, insurance was occasionally cited in interviews as a potential barrier to participation.

3. Milwaukee paid a total of \$500.3 million in prime construction spending in the Geographic Relevant Market (the 4-county metro area) during the study period and \$44.9 million of this amount, or 8.55% was paid to MWBE firms as prime contractors. MWBEs were paid 9.55% of architectural and engineering services, 6.69% of professional services, 4.07% of other services, and 8.11% of goods. MWBEs won 7.40% of prime payments across all purchasing categories.
4. There was underutilization in prime contracts for all MWBEs groups, except Black Americans in goods and Native Americans in construction services.
5. Study participants expressed concern about prime contractors using pass-throughs and fronts to sidestep the City's 25% SBE (small business enterprise) hiring goals. More than one-third of the firms participating in the anecdotal interview portion of the Study outlined experiences in which they encountered prime contractors using subcontractors to skirt participation goals or feign good faith efforts to win contracts with the City. More than a third of the respondents to the GSPC Survey of Business Owners believed to some degree that prime contractors would include a small business subcontractor on a bid to meet the goals, then drop the subcontractor after winning the bid.
6. Non-SMWDBEs (non-small, minority, women or disadvantaged business enterprises) accounted for approximately 90% of building permits in the City of Milwaukee during the 2018 - 2021 calendar years. To the extent that experience acquired by participating in the private sector translates into an enhanced capacity to compete in the market for public sector contracts and subcontracts, the almost complete dominance of Non-SMWDBEs in securing building permits suggests the presence of private sector barriers faced by SMWDBEs.

; and

Whereas, The Common Council finds these and all other findings of the 2023 Disparity Study to be persuasive and true; and

Whereas, The Common Council finds that the findings of this Study demonstrate that there is a factual predicate that supports the establishment of race- and gender- conscious program elements, along with race- and gender-neutral tools; and

Whereas, In the 2023 Disparity Study, GSPC makes a number of recommendations to assist the City in remedying the disparities found to ensure that all available firms within the Geographic Relevant Market are given every chance to succeed in doing business with the City, including that the City:

1. Increase both resources and staffing as part of the City's plan to adopt and implement the Study's recommendations.
2. Set annual internal MBE and WBE goals based upon availability.
3. Establish a procurement non-discrimination policy to investigate possible discrimination.
4. Streamline the registration and certification process and initiate a campaign to encourage MWBE firms to obtain certification.
5. Analyze payments at the departmental level to improve the time for prime contractors to get paid.
6. Continue to review bonding and insurance levels on a project-by-project basis to make sure that the limits are necessary.

; and

Whereas, The Common Council supports implementation of these and all other recommendations in the 2023 Disparity Study; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee adopts the 2023 Disparity Study attached to this Common Council file, including all of the study's findings and recommendations; and, be it

Further Resolved, That the City is committed to implementing all recommendations of the 2023 Disparity Study; and, be it

Further Resolved, That all City departments are directed to take all necessary actions to implement the recommendations of the 2023 Disparity Study.

LRB179582-1
Jeff Osterman
11/22/2023