



Community Business Development Partners

MILWAUKEE COUNTY

MARINA DIMITRIJEVIC • Chairwoman, Milwaukee County Board of Supervisors
NELSON SOLER • Interim Director, Community Business Development Partners

INTER-OFFICE COMMUNICATION

DATE: January 14, 2013

TO: Marina Dimitrijevic, Chair, Milwaukee County Board of Supervisors
Patricia Jursik, Chair, Economic and Community Development Committee

FROM: Nelson Soler, Interim Director, Community Business Development Partners (CBDP)

SUBJECT: UW-Milwaukee Innovation Accelerator Project Update

BACKGROUND

The Community Business Development Partners department (CBDP) has worked closely with the County's Real Estate and Economic Development departments toward the meaningful inclusion of small business in the numerous development agreements designed to marry County-owned land to various projects to the benefit of the County's citizens. The UW-Milwaukee (UWM) Innovation Accelerator project is one such development. The detailed overview of this project is best left to those whose work has gone into the conceptualization, design and development of this project. The purpose of this report is to summarize the involvement of certified firms in the construction of this forward thinking project, and to highlight the opportunities that can be increased through the involvement of small business and its advocates during initial development phases of a project.

CBDP OVERVIEW

The UWM Innovation Accelerator project stands as representative of the complexity of the myriad issues faced by today's developer. This project is also representative of the challenges policy-makers encounter in regard to thoughtfully including small business in its operations. Among these issues, two are unique in regard to the efforts of CBDP. They are 1) structuring of inclusionary goal language, and 2) satisfying the varying requirements of multiple funding pools.

The bidding of the UWM Innovation Accelerator development was conducted by division, i.e., selection of the contractor for each scope, or division, of work absent consideration to any other division of work. The selection of each contractor then becomes a matter of low bid, even for the General Contractor that is to coordinate the work of every other contractor performing work on the project. This common practice may very well be industry standard; but when and where participation goals are implemented, they are very often expressed in terms of an overall project goal. Including goal language out of sync with how a project is structured has often been indicated as the reason for disparities in goal setting and goal attainment, and far too often leaves participation of smaller firms as a cursory talking point never put into action.

The issue of satisfying the requirements of varied financiers with sometimes divergent interests can also impact participation and result in attainment lower than forecasted. Having to satisfy the requirements of a diverse portfolio may not be as significant as the resulting confusion of which requirements complement, or whether any conflict. The inclusion of funding from the Federal Department of Commerce and its requirements for minority and female participation by trade can often be confused with the requirements of the DBE Program which gives no deference to



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the ethnic, racial or gender composition of a firm's workforce. Including ongoing, two-way communication during the development and solicitation phases can mitigate possible confusion later in the contracting process.

The results of the UWM Innovation Accelerator project's participation efforts are included on the following page, and indicate a 14.6% DBE utilization rate on \$5.5 million worth of construction services. Beyond the discussion points indicated, it is noteworthy that the participation achieved on this project is the result of low bids by DBE prime and subcontractors in various areas, most notably the Electrical division.

RECOMMENDATION

CBDP prepared this report as an informational item. It is our recommendation that the issues identified herein, not be viewed in terms of success or shortcoming of any part of the development or construction team. Rather this development serves best as a model for lessons learned and identifies approaches best implemented moving forward. It is requested that this report be received, discussed and filed.

Sincerely,

Mark Phillips
Contract Compliance Manager, DBE
Community Business Development Partners

Cc: Chris Abele, County Executive
Milwaukee County Board of Supervisors

DBE PARTICIPATION PLAN

UWM INNOVATION ACCELERATOR

MIRON PROJECT # 121105

1/9/2013

BASE BID	\$	6,373,028.00
ALT #1	\$	(38,273.00)
ALT #2	\$	(67,783.00)
ALT #3	\$	(31,168.00)
ALT #4	\$	(29,757.00)
ALT #5	\$	(48,079.00)
ALT #6	\$	(6,470.00)
ALT #7	\$	(14,733.00)
ALT #8	\$	(80,053.00)

Alt. 1, 3, & 8 have DBE Participation through Sonag. See comparison below

BASE BID WITH ALTERNATES	\$	6,056,712.00
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SCOPE OF WORK NOT AVAILABLE TO DBE CONTRACTORS

ELEVATOR	\$	(45,800.00)
LAB CASEWORK	\$	(138,087.00)
FIRE SUPPRESSION	\$	(60,976.00)
SPRAY FOAM INSULATION	\$	(50,168.00)
TERRAZZO	\$	(25,230.00)
METAL PANEL (SPECIFIED CENTRIA ONLY)	\$	(235,000.00)

TOTAL SCOPE OF WORK NOT AVAILABLE	\$	(555,261.00)
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REVISED TOTAL BASE BID	\$	5,817,767.00
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REVISED TOTAL BASE BID WITH ALTERNATES	\$	5,501,451.00
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DBE GOAL	25%	\$	1,375,362.75
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DBE CONTRACTORS	BASE BID WITH ALT.	*BASE BID*
SONAG ELECTRICAL	\$ 728,294.00	\$ 873,627.00
PRICE AND SONS (\$50,000 x 60%)	\$ 30,000.00	\$ 30,000.00
HVA PRODUCTS - TEMP CONTROL FOR J&H	\$ 45,000.00	\$ 45,000.00

TOTAL	\$	803,294.00	\$	948,627.00
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DIFFERENCE	\$	(572,068.75)
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DBE PARTICIPATION

BASE BID WITH ALTERNATES (\$6,056,712 / \$803,294)	13.3%	Current Value
REVISED BASE BID W/ALTERNATES (5,501,451 / \$803,294)	14.6%	
REVISED BASE BID (\$5,817,767 / \$948,627)	16.3%	
BASE BID (\$6,373,028 / \$948,627)	14.9%	

Notes:

1. Contract award based on accepting all alternates. Alternates may be introduced back into the project if additional funding is available.
2. This project was competitively bid which required qualified low bid award per division.
3. This project would not be possible without the funding from EDA. EDA has specific terms and regulations that this project must be in compliance with for said funding, one of them being 8% DBE participation. EDA required a hard bid delivery with low bid reward.
4. Note that the Alternates listed on the first page are deductions from the base bid.