



Community Business Development Partners

# MILWAUKEE COUNTY

RICK NORRIS, PE • Director, DBE Liaison Officer, ACDBE Liaison Officer

## INTER-OFFICE COMMUNICATION

DATE: January 4, 2016

TO: Supervisor Theodore Lipscomb Sr., Chair, Milwaukee County Board of Supervisors  
Supervisor Steve Taylor, Chair, Economic and Community Development Committee  
Supervisor Michael Mayo, Sr., Chair, Transportation, Public Works and Transit Committee

FROM: Rick Norris, PE, Director, Community Business Development Partners

SUBJECT: **Follow-up summarizing changes to chapters 42, 32, and 56. (15-783)**

### BACKGROUND

During the December 2015 Economic and Community Development Committee (ED) meeting Supervisor Rainey made a motion to lay over action associated with the proposed ordinance changes to chapters 42, 32, and 56 requesting that the Community Business Development Partners Department (CBDP) to provide additional information to the ED committee. The following summary is provided:

### **SUMMARY OF THE PROPOSED CHANGES ASSOCIATED CHAPTERS 42, 32 AND 56**

Changes are being proposed to Chapters 42, 32 and 56 of the Milwaukee County Ordinances in order to set goals for hiring Disadvantaged Business Enterprises, Minority Owned Firms, Women Owned Firms, and Small Business Enterprises (together "Targeted Enterprises"). Currently the County only sets goals for DBE firms because that is all that is allowed when federal dollars are used. For locally funded projects the county has the ability to set additional goals for Targeted Enterprises. Expanding the goals from DBE to Targeted Enterprises is expected to expand the reach and impact of Milwaukee County's contracting dollars.

Federal dollars associated with the United States Department of Transportation (USDOT) and Federal Transit Authority (FTA) require DBE participation. The Federal Aviation Authority (FAA) require DBE and ACDBE Airport Concessions Disadvantage Business Enterprises (ACDBE) participation. Therefore, the DBE and ACDBE requirements will remain unchanged for projects that include federal funding.

The proposed ordinance changes are related to projects that are locally funded, and not FAA, FTA and USDOT funded. The ordinance changes are only related to locally funded projects. For locally funded projects, instead of only allowing DBE participation, the ordinance change allows for Target Business Enterprises participation. The revised Chapter 42 sets goals on Targeted Business Enterprises. Targeted Business Enterprises are classified as Minority, Women, DBE and Small business enterprises. To satisfy the goals, a Targeted Business Enterprise can be comprised of a combination of all the above groups. Unlike the DBE program there is no limit on the size of the business owner's net worth. Currently a business owner graduates from the DBE program when the business owner's, which has at least 51% ownership, personal net worth exceeds \$1.34 million. This has been a limiting factor in attracting and retaining successful Minority and Women owned firms.



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Another change to Chapter 42 is redefining the classification of small business enterprises (SBE). On March 11, 2013 (File 13-221) the Board approved a resolution prepared by CBDP to change the SBE size standard. The criteria has a \$4 million cap of business revenues averaged over the last three year. That definition differs greatly from the federal definition. The federal definition sets a revenue cap based on the industry the business operates in. For example, professional services companies, i.e. engineering consulting has a \$4 million cap. However, businesses that are construction in nature have a \$32 million cap. The federal designation is based on Standard Industrial Classification (SIC) codes, which is an industry standard.

Under federal regulations setting the cap at \$4 million took away the County's ability to establish set-asides for SBEs. A set-aside approach will allow the Director of Procurement under Chapter 32 to select product and services specifically for SBEs to bid. Set-asides are race and gender neutral. The proposed Chapter 42 ordinance will define SBE in accordance to federal regulations, allowing Milwaukee County to solicit SBEs for set-asides.

Approved by:

Rick Norris, PE

Director, CBDP

cc. Chris Abele, Milwaukee County Executive

Raisa Koltun, Chief of Staff