



Community Business Development Partners

MILWAUKEE COUNTY

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

INTER-OFFICE COMMUNICATION

DATE: May 17, 2017

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: **DBE/TBE Participation Report**

DIRECTIVE

At the request of the Transit, Public Works, and Transportation Committee and Committee on Economic and Community Development, the Community Business Development Partners Department (CBDP) provides a bi-monthly update on Disadvantaged Business Enterprise (DBE)/ Targeted Business Enterprise (TBE) utilization.

PURPOSE

Determine the economic impact the procurement activity has on small businesses and communities within Milwaukee County; through goals settings of 17 percent professional services and 25 percent construction services. Specifically, the impact the Disadvantage Business Enterprise/Targeted Business Enterprise (DBE/TBE) program has on the local economy.

THE PROCESS

CBDP gathered contract information from Milwaukee County departments through various sources; such as but not limited to: DocuSign, hardcopies of contracts and 1684 forms. Contract information was gathered on all contracts regardless if the contract had participation or not, such as DBE/TBE subcontractor contract value, length of contract, racial and gender composition, and other company information. The goal was to determine where County dollars were going by location, gender and by race. At the time of this analysis; no employment information was available. The above information is key in determining the economic impact Milwaukee County has in the surrounding area.

DATA SOURCES

Primary sources of data collection are DocuSign and 1684 forms. It's important to note that not all contracts are routed through a single procurement process. CBDP recognizes that the information used does not represent the total procurement dollars Milwaukee County contract for. Therefore, this report is based on the best available information and it does not represent the totality of contracts. An economic impact analysis was performed by assigning North American Industry Classification System (NAICS) codes to each business; and based on the NAICS codes an economic impact multiplier was generated. US Bureau of Economic Analysis (BEA) output multiplier data through the use of Regional Input-Output Modeling System (RIMS II), Type II multiplier data specifically for Milwaukee County as a single region to determine economic impact by NAICS code.



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FINDINGS

Page 1 – 2016 Milwaukee County Departments/Division Participation Summary

For the reporting period January 1 through December 31, 2016, total contract dollars awarded were approximately \$130.9 million. Of that amount \$73.6 Million (56%) had DBE/TBE participation; \$57.4 million (44%) had no participation. Shown on the pie chart the \$73.6 million is broken down by \$42 million (32%) of committed dollars to Prime Contractors, with the remaining \$31.5 million (24%) committed to DBE/TBE subcontractors. The average overall Milwaukee County participation goal is 21 percent; which is the average of 17% professional services and 25% construction services.

The bar chart shows the relationship between the Milwaukee County goals, Utilization (payments to DBE/TBE companies), and Committed Participation by professional service and construction service categories. From the bar chart Committed percentages exceed the goals, and payment to the subcontractor are on track for the reporting period.

Page 2 – 2016 Zero Participation Total Contract Value

Shows by Milwaukee County departments the total contract values without participation. The \$57.4 million is shown by departments, ranging from \$7,500 to \$20.9 million. Reasons for non-participation are shown in the bottom table. Note that total contract value of approximately \$7.1 million of contracts were not provided to CDBP for review. Based on an average 21% participation goals the economic lost is estimated at \$12 million of additional contracting opportunity to DBE/TBE companies.

Page 3 – Map 1 Average Household Income Levels. Committed Participation Contracts by Supervisor District.

Household Income Level showing the committed contracts (Blue Triangle) by Supervisor district for the reporting period January 1 through October 31, 2016.

Page 4 – Map 2 Household Poverty Rate. Committed Participation Contracts by Supervisor District.

Household poverty rates showing the committed contracts (Blue Triangle) by Supervisor district for the reporting period January 1 through October 31, 2016. A missing key component is employment data; which wasn't available at the time of this report. The employment data will show the impact businesses have on the community.

Page 5 – Economic Impact Estimate of County Committed Participation Contracts

Chart shows the overall committed contract values and its economic impact in Milwaukee County for the reporting period January 1 through October 31, 2016. The economic multiplier was obtained from BEA RIMS, Type II US Census NAICS codes for Milwaukee County. Of the estimated \$18.2 million committed contract values associated with DBE/TBE companies the economic impact resulted in \$28.0 million.



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Page 6 – Map 3 Committed Participation Contracts by Supervisor District with Demographics of DBE/TBE Owners

Shows location of DBE/TBE companies by Supervisor districts broken down by race and gender. In addition, the maps shows contract value by district for the reporting period January 1 through October 31, 2016. The top three Supervisor districts are District 6 (Schmitt), District 12 (West) and District 1 (Lipscomb) with \$1.4 million, \$1.1 million and \$0.73 million respectively.

Page 7 – Map 4 Projected Economic Impact Committed Participation Contracts by Supervisor District with Demographics of DBE/TBE Owners

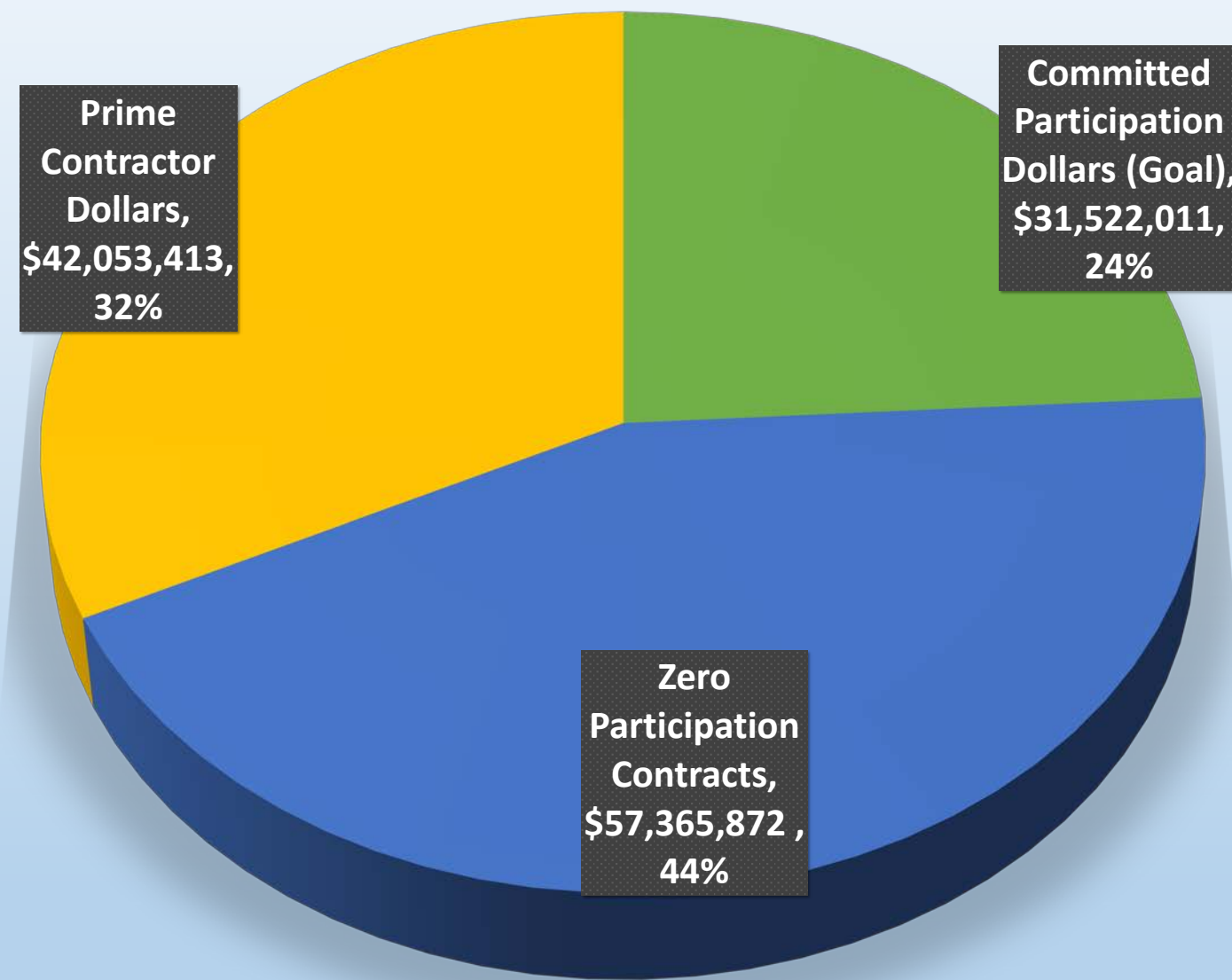
Shows location of DBE/TBE companies by Supervisor districts and by categories; professional and construction services. The maps shows the economic impact by contract value for each district for the reporting period January 1 through October 31, 2016. The top three Supervisor districts are District 6 (Schmitt), District 12 (West) and District 1 (Lipscomb) with \$2.2 million, \$1.8 million and \$ 1.2 million respectively.

Page 8 – Map 5 Wisconsin Unified Certification Program (UCP) of Certified Companies by region

The Wisconsin Unified Certification Program certifying partners are Milwaukee County, WisDOT, Dane County and the City of Madison. The UCP has certified over 950 DBE companies; with Milwaukee County certifying the vast majority of the companies. The UCP is governed by Federal USDOT regulations. Map 5 shows the location of DBE companies by National, Midwest and Southeastern Wisconsin regions.

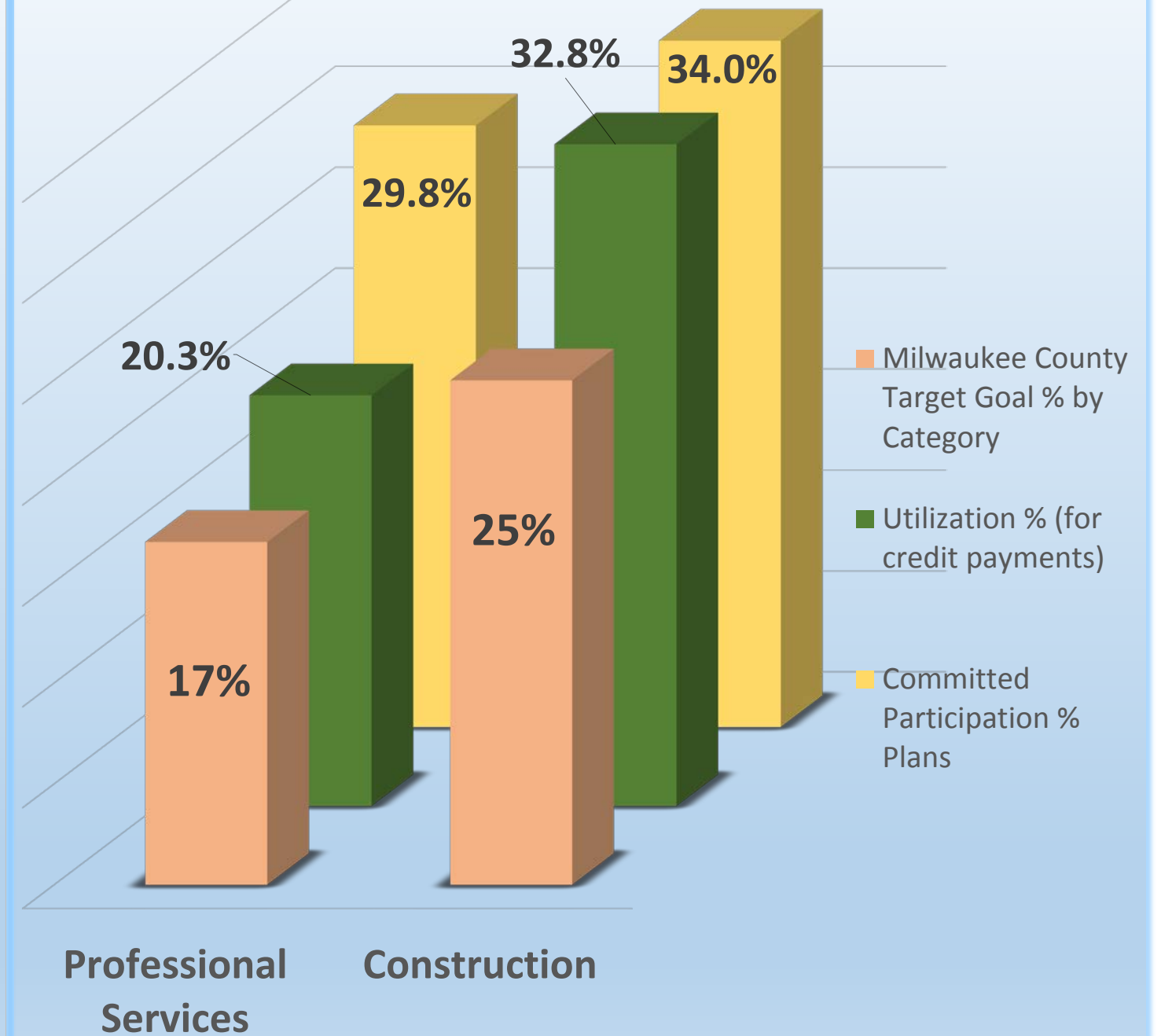
Rick Norris, PE
Director, CDBP
CC:Chris Abele, Milwaukee County Executive

2016 Milwaukee County Committed Total Contract Dollars Awarded
\$130,941,296
 (\$73,575,424 with Participation, \$57,365,872 without participation)
 in B2GNow as of 5/4/2017 with start date 1/1/2016-12/31/2016

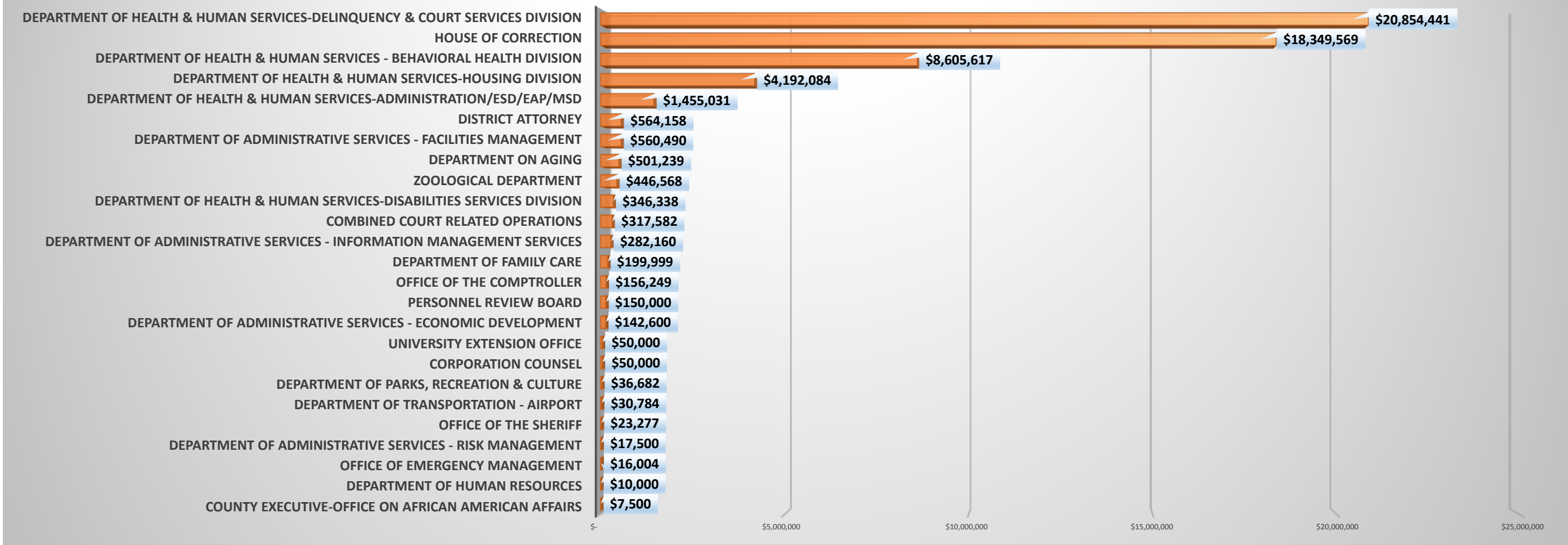


- Committed Participation Dollars (Goal)
- Zero Participation Contracts
- Prime Contractor Dollars

2016 Milwaukee County Participation Goal, Plan and Utilization By Work Category
 (In B2GNow with Start Date 1/1/2016-12/31/2016)



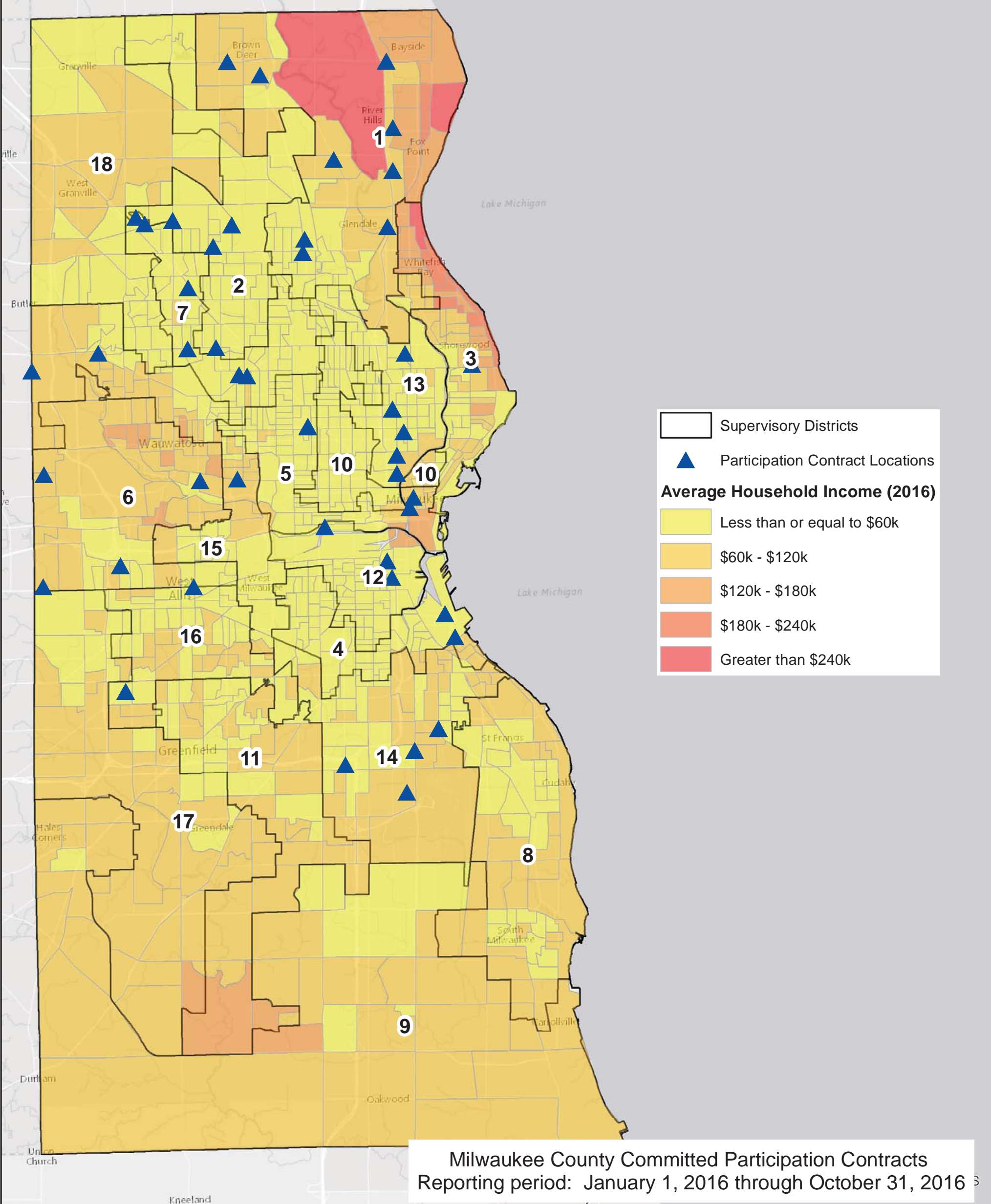
2016 Zero Participation Total Contract Value by Milwaukee County Department



| 2016 Zero Participation by Reason | Total Contracts without Participation Value | | Potential Lost Opportunity (21% average) | |
|--|---|---------------------------------|--|------------|
| Grant funded | \$ | 15,685,027 | \$ | 3,293,856 |
| Self-Performing Interagency/Intergovernmental Contract | \$ | 15,278,580 | \$ | 3,208,502 |
| Non Profit Agency | \$ | 15,037,936 | \$ | 3,157,967 |
| Not Reviewed by CBDP | \$ | 7,118,686 | \$ | 1,494,924 |
| Specialized Services/Proprietary | \$ | 1,926,726 | \$ | 404,613 |
| Existing Agreement-Continuity of Service | \$ | 1,472,044 | \$ | 309,129 |
| Other-Explain in notes | \$ | 376,522 | \$ | 79,070 |
| Contract with One Individual | \$ | 187,906 | \$ | 39,460 |
| Existing Agreement-Amendment/Increase | \$ | 182,660 | \$ | 38,359 |
| \$10K or less | \$ | 99,785 | \$ | 20,955 |
| Grand Total | \$ | 57,365,872 | \$ | 12,046,833 |
| | | Potential Lost Economic Impact* | \$ | 13,658,632 |

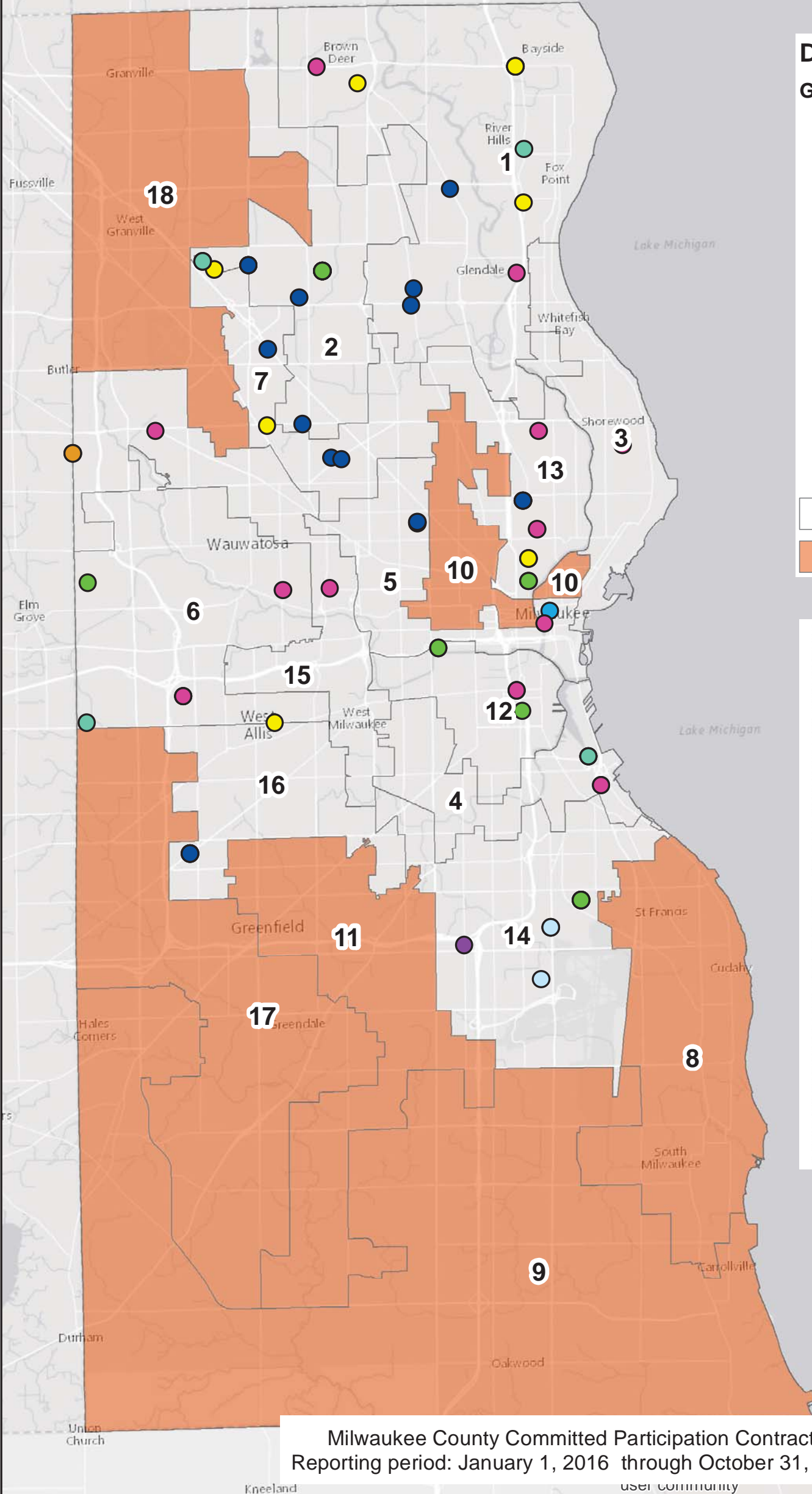
*Using countywide Average Economic Impact mulitplier calculated for this period to be 1.54

Map 1: Average Household Income Levels with Committed Participation Contracts by Supervisory District



Milwaukee County Committed Participation Contracts
Reporting period: January 1, 2016 through October 31, 2016

Map 3: Committed Participation Contracts by Supervisory District with Demographics of TBE/DBE Owners



Demographics of owners

Gender, Ethnicity

- Female, Asian-Pacific American
- Female, Black American
- Female, Caucasian
- Female, Hispanic American
- Male, Asian-Pacific American
- Male, Black American
- Male, Caucasian
- Male, Hispanic American
- Male, Native American

Supervisory Districts

No activity for this reporting period

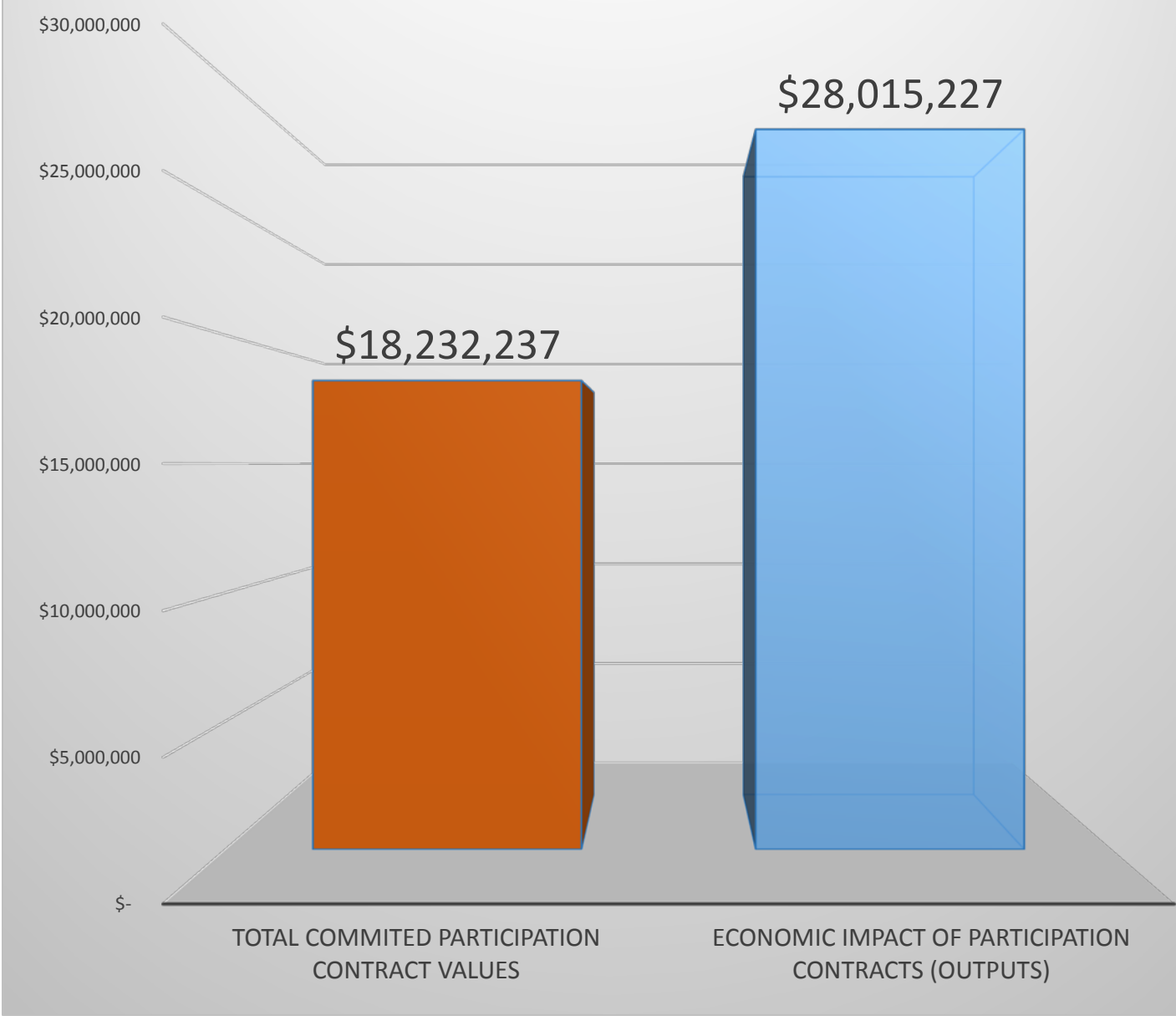
| District | Supervisor | Total Actual Contract Value |
|----------|--------------|-----------------------------|
| 1 | Lipscomb | \$ 733,326 |
| 2 | Taylor | \$ 272,078 |
| 3 | Wasserman | \$ 10,670 |
| 4 | Dimitrijevic | \$ 70,626 |
| 5 | Nicholson | \$ 135,750 |
| 6 | Schmitt | \$ 1,421,968 |
| 7 | Mayo | \$ 416,433 |
| 12 | West | \$ 1,093,014 |
| 13 | Johnson | \$ 281,336 |
| 14 | Haas | \$ 590,254 |
| 15 | Cullen | \$ 299,957 |
| 16 | Weishan | \$ 192,524 |
| | TOTAL | \$ 5,517,936 |

No Activity for this Reporting Period:

| | |
|----|----------------|
| 8 | Sartori |
| 9 | Taylor |
| 10 | Moore Omokunde |
| 11 | Sebring |
| 17 | Staskunas |
| 18 | Alexander |

Milwaukee County Committed Participation Contracts
Reporting period: January 1, 2016 through October 31, 2016

**Economic Impact Estimate of Milwaukee County
Committed Participation (DBE) Contracts
1/1/2016-10/31/2016**



Economic Impact of CDBP Tracked Participation Spend

In the period for January 1, 2016 through October 31, 2016, CDBP tracked a total of **\$18,232,237** in Milwaukee County spend with DBE firms. US Bureau of Economic Analysis (BEA) through the use of Regional Input-Output Modeling System (RIMS II), Type II multiplier data specifically for Milwaukee County as a single region was used to estimate the Economic Impact of this spend throughout Milwaukee County to be **\$28,015,227** in Output to Targeted Business Enterprises.

Definitions, Citations and Other Information

Using RIMS II, Type II data, US Census NAICS codes are applied to county contracting and then matched to BEA codes were then used to determine spending with Disadvantaged, Small and Targeted Business prime and subcontractors on each project. Each dollar spent as tracked utilizing Milwaukee County B2GNow software was then used to determine the economic impact indicators on the project to create a total in each indicator that is weighted for spend by type of work contracted by the County. The time period for this Economic Analysis is January 1, 2016 through October 31, 2016 and includes all available information on projects with participation. These are estimates subject to the limits of available data and are meant for illustrative purposes only. The Bureau of Economic Analysis does not endorse any resulting estimates and/or conclusions about the economic impact of a proposed change on an area. For more details on how the government derives these figures and the basis for the definitions below, go to the user guide at this link. https://www.bea.gov/regional/pdf/rims/rimsii_user_guide.pdf

Type II multipliers

Multipliers that account for both the Type I interindustry effects (direct and indirect) and household-spending effects (induced) of a final-demand change.

Induced impact

Change in economic activity resulting from the changes in spending by workers whose earnings are affected by a final-demand change.

Final-demand multipliers

Ratios of a total change in economic activity to a dollar or million dollar change in final demand. These multipliers can be used to estimate total changes in output, value added, earnings, and employment.

Output Multiplier = Value Added (includes Earnings+ Taxes on Production and Imports + Gross Operating Surplus) + Intermediate Inputs

Output, value added, and earnings are related in the following way: Output is the sum of value added and intermediate inputs. The exclusion of intermediate inputs makes value added comparable to regional measures of GDP. Earnings are a part of value added. The rest of value added consists of taxes on production and imports and of gross operating surplus, which is a profits-like measure.

Gross output

Total market value of industry output (sales). It equals intermediate inputs plus value added. Gross output is not the same as gross domestic product (GDP), which only includes value added. The earnings multipliers measure the total change in local household earnings per dollar of final-demand change.

Value added

Total value of income generated from production. This income consists of payments to labor (compensation of employees), payments to government (taxes on production and imports), and returns on investment (gross operating surplus). It is equivalent to gross domestic product.

Earnings

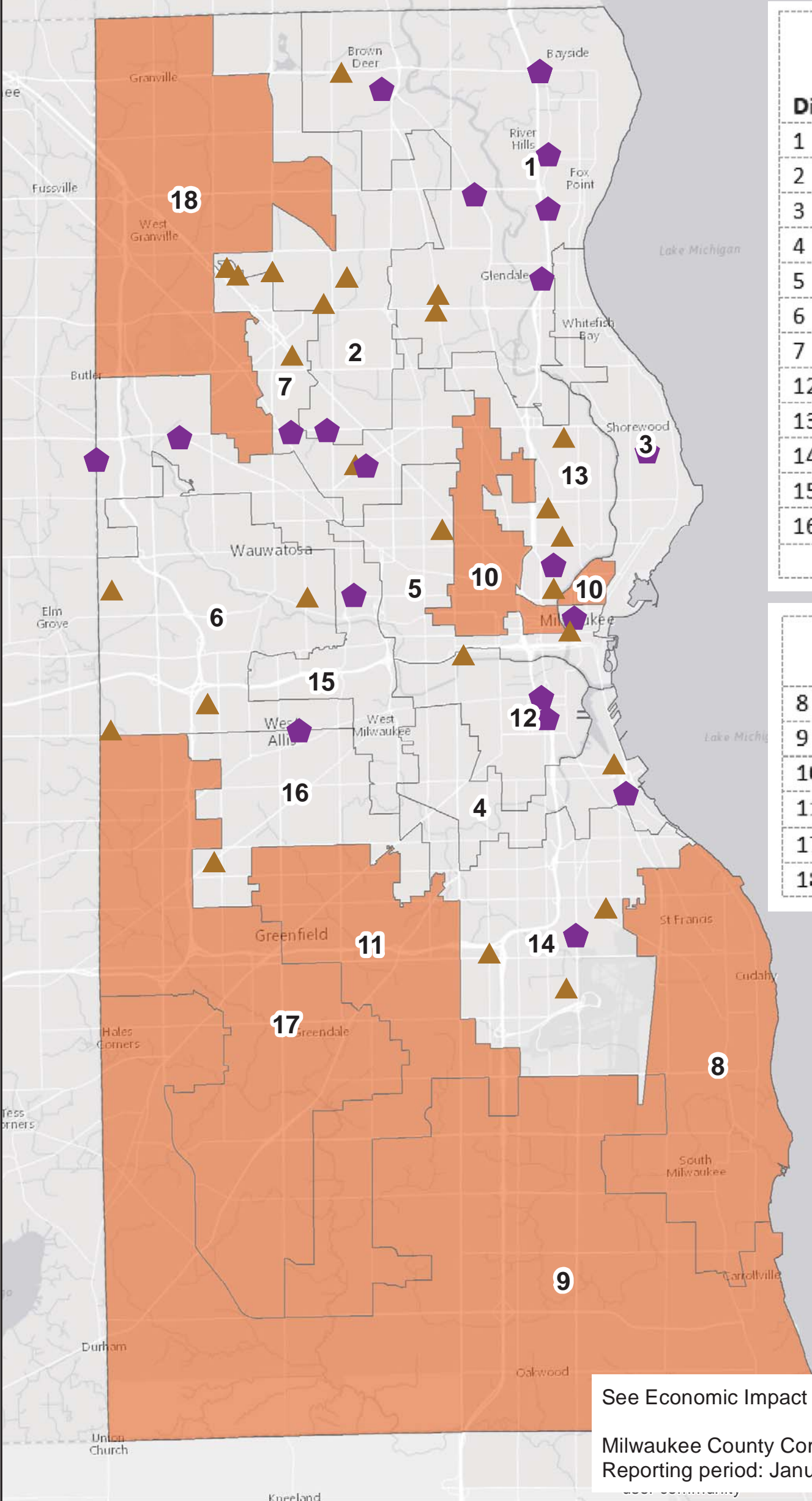
Compensation of employees plus the net earnings of sole proprietors and partnerships. In RIMS II, earnings exclude personal contributions to social insurance programs, such as Social Security and Medicare, and employee pension plans.

Intermediate inputs

Goods and services used by an industry to produce output. Intermediate inputs exclude investment purchases and labor costs.

Notes on the Maps in this report: Household Poverty and Income rates are calculated by the US Census Bureau and loaded into the ArcGIS system annually by Milwaukee County Economic Development – GIS Staff. Thank you to the Milwaukee County Economic Development GIS Staff for their assistance in preparing maps of our data for this report. Demographics of Business Owners are collected as a part of the WI UCP certification process.

Map 4: Projected Economic Impact of Committed Participation (Outputs) by Supervisory District



| District | Supervisor | Economic Impact of Outputs |
|----------|--------------|----------------------------|
| 1 | Lipscomb | \$ 1,155,967 |
| 2 | Taylor | \$ 419,154 |
| 3 | Wasserman | \$ 17,628 |
| 4 | Dimitrijevic | \$ 109,443 |
| 5 | Nicholson | \$ 207,005 |
| 6 | Schmitt | \$ 2,170,160 |
| 7 | Mayo | \$ 631,340 |
| 12 | West | \$ 1,796,349 |
| 13 | Johnson | \$ 432,195 |
| 14 | Haas | \$ 879,546 |
| 15 | Cullen | \$ 485,745 |
| 16 | Weishan | \$ 293,580 |
| | TOTAL | \$ 8,898,112 |

| No Activity for this Reporting Period: | |
|--|----------------|
| 8 | Sartori |
| 9 | Taylor |
| 10 | Moore Omokunde |
| 11 | Sebring |
| 17 | Staskunas |
| 18 | Alexander |

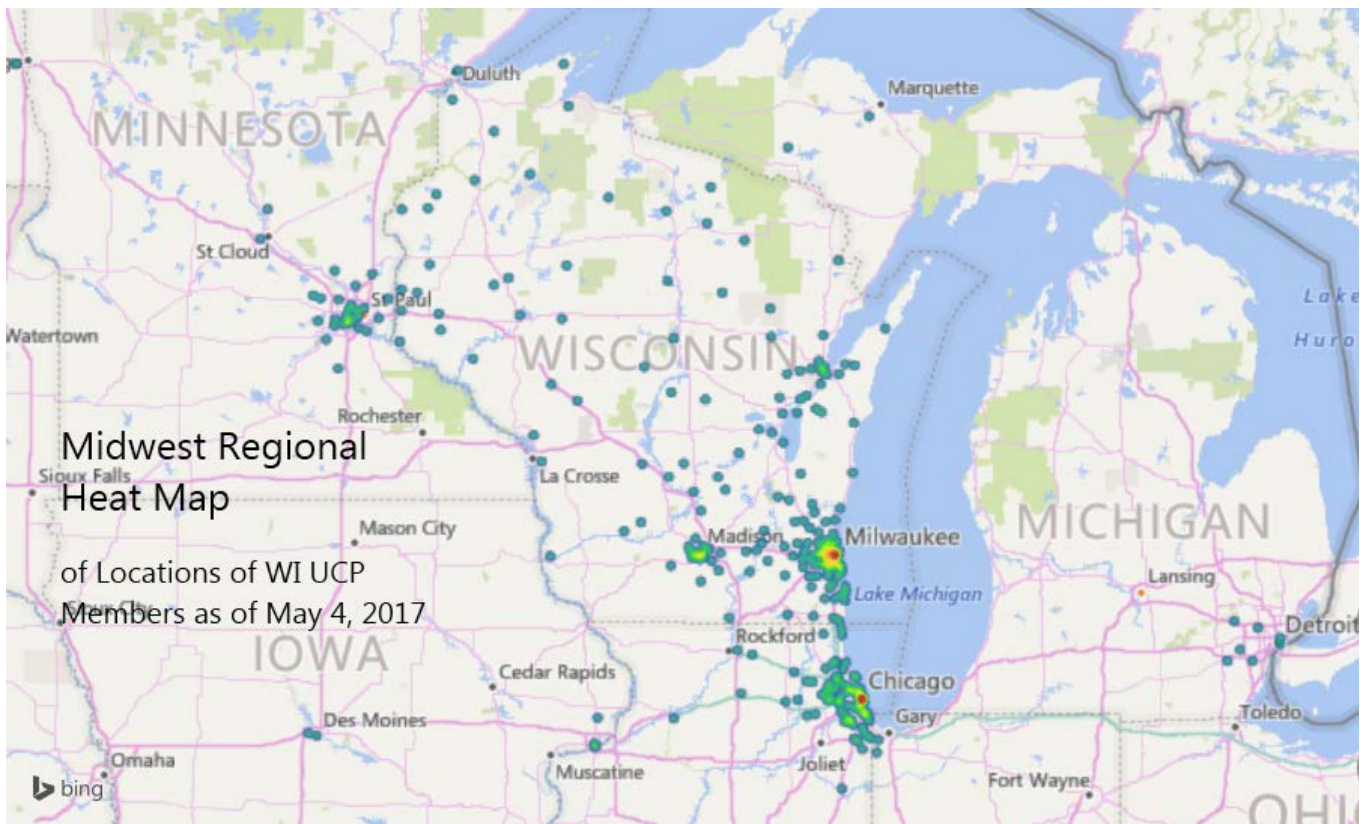
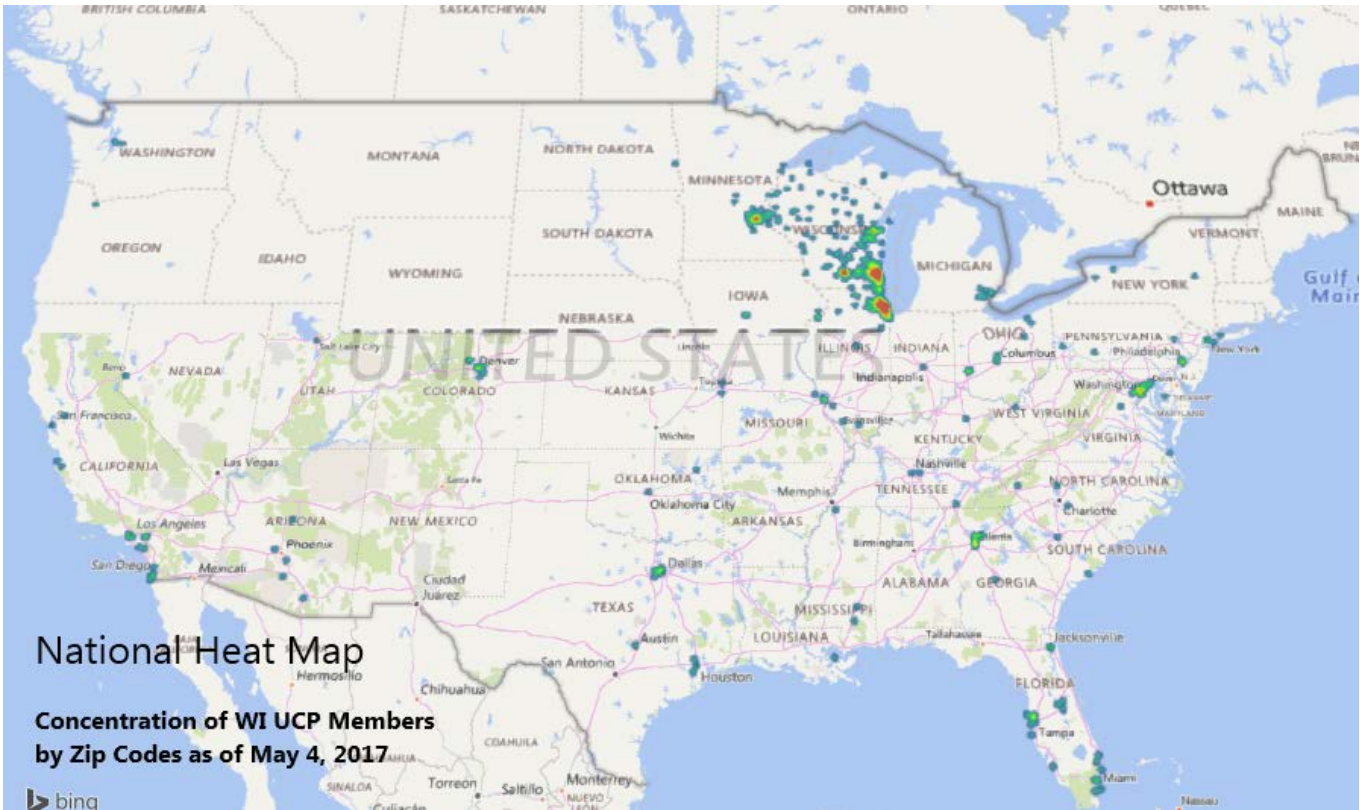
Contract Category

- Construction
- Professional Services
- Supervisory Districts
- No activity for this reporting period

See Economic Impact Report attached.

Milwaukee County Committed Participation Contracts
Reporting period: January 1, 2016 through October 31, 2016

Map 5:
Wisconsin
Unified
Certification
Program (WI
UCP) Certified
Firms* as of
5/4/2017



*Data represented
includes WI UCP **DBE**,
ACDBE and **SBE** certified
firms mapped by Zip
Code in B2GNow as of
5/4/2017

