



## BUSINESS OPPORTUNITIES WITH THE MILWAUKEE BUCKS DEVELOPMENT PROJECTS

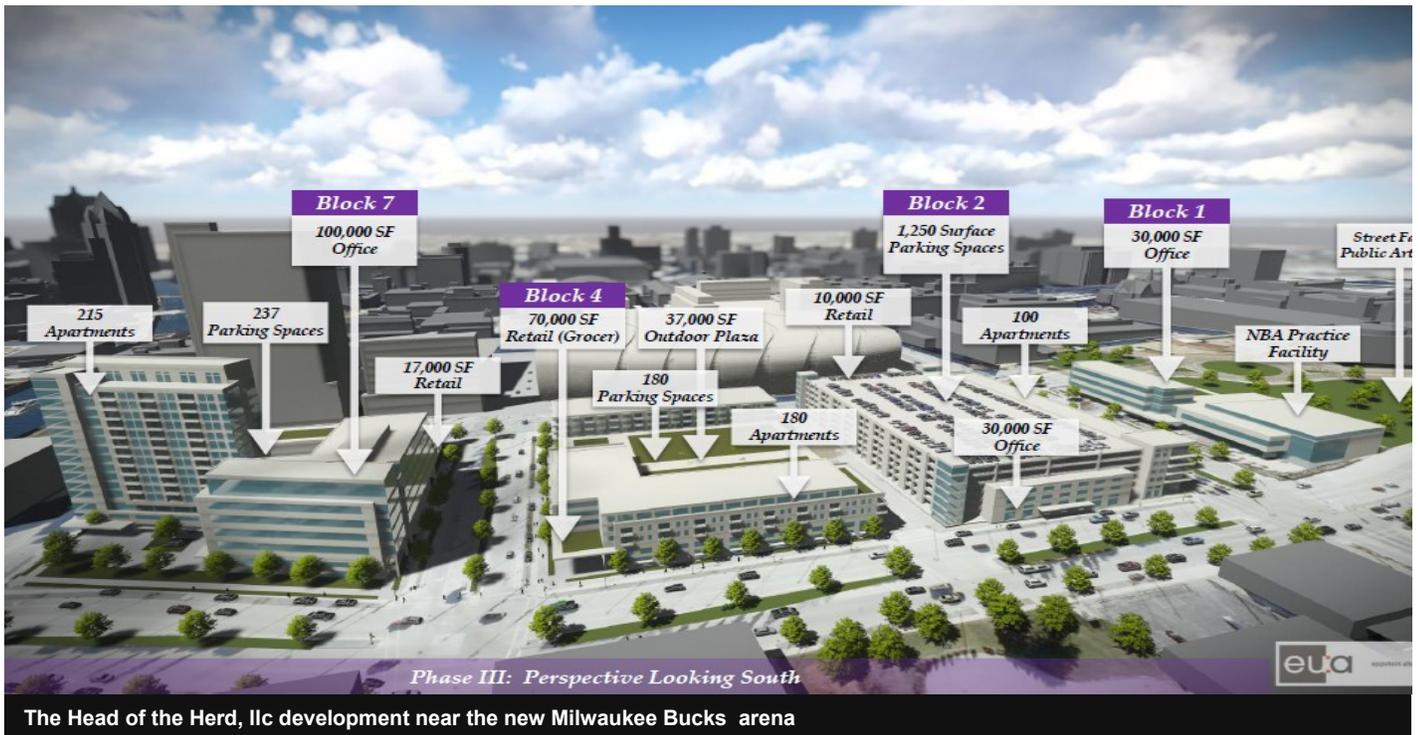
The Milwaukee Bucks arena and sports complex development team, The Head of The Herd, LLC, recently purchased four (4) Park East blocks to construct mixed-use development around the site of the new Milwaukee Bucks arena in downtown Milwaukee. The land was acquired by the real estate developers from Milwaukee County and the City of Milwaukee. With required participation with Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) firms, these projects are expected to have a significant impact within the minority community, potentially extending to and impacting the Bronzeville neighborhood (along MLK Jr. Drive and West North Avenue). With opportunities in design, construction, supplies, leasing, retail and office space, The Head of The Herd, LLC, welcomes the chance to work with DBE and SBE developers on these projects.

### Need for DBE Licensed Residential and Commercial Real Estate Appraisers

Commercial Appraisers are needed to appraise parking lots, vacant land or purpose of parking lot development, office buildings, and a multitude of other property types. Contact Sherri Jordan, Associate Project Manager, Milwaukee County Economic Development Division at 414-278-7862 or [sherri.jordan@milwaukeecountywi.gov](mailto:sherri.jordan@milwaukeecountywi.gov)

## In This Issue

- Business Opportunity with the New Milwaukee Bucks Development
- Are You Making Money? Part 2, Profit Margin
- Proposed Ordinance Changes
- Minority Impact Statement
- CBDP Microloan Program
- Revolving Loan Program
- Stats Line



The Head of the Herd, llc development near the new Milwaukee Bucks arena

## “Are You Making Money?”, Part 2; Profit Margin

The article in the July 2015 newsletter “Are You Making Money?”, addressed the importance of calculating the impact that the overhead rate and marketplace price ranges has on the gross margin (profitability). A favorable gross margin improves the Profit-Loss (PL) statement, which will carryover to the cash flow statement. The cash flow statement is analogous to blood flow in the body. Like the body a healthy diet (PL) and exercise (regular monitoring of the cash flow statement) will result in a healthy financial report (Balance Sheet). Business owners should review the cash flow statement at least biweekly, comparing the planned cash flow statement against the actuals. In developing the cash flow statement it's important to incorporate key critical milestone dates such as payroll periods and insurance premiums due dates. Review the Planned Cash Flow against the Actual Cash Flow on a regular basis, and make any adjustments to manage cash flow.

The cash flow statement is like a coaches' play sheet. To insure a manageable cash flow position there are techniques to consider when developing and managing the cash flow statement.

1. Know your client's payment cycle. Some clients pay on the 1<sup>st</sup>, 15<sup>th</sup>, or the end of the month. Understanding the payment cycle will help to establish the account receivable frequency for your cash flow spreadsheet. In order to meet the client's payment cycle, submit invoices to the client well in advance to allow enough time for review and to make any corrections.
2. Prior to submittal, review invoices and make sure there are no errors. Invoicing errors can delay payment.
3. Periodically check the status of invoices, especially when the receivable is approaching its due date, per the cash flow statement. Checking the status of payment must be done in a matter that does not irritate the client. Therefore, build a sincere relationship with the account payable staff assigned to your account.
4. Don't be fearful to ask for your money when it is late. Make sure that your contract terms & conditions addresses the timeliness of payment. Future Milwaukee County contracts will require the implementation of B2GNow. B2G Now is an online payment tracking program and it will eliminate or greatly reduce the delays in payment to DBE firms. For more information on B2GNow, contact Mark Phillips at (414) 278-5104.
5. Performing a biweekly review of the cash flow statement will improve the availability of operating funds and assets. Business owners will get a good feel for the rate in which receivables are paid. The review process will provide warnings of any pending shortfalls.

**(continue on page 3)**

## Directory of DBE Owned Firms

[www.county.milwaukee.gov/cbdp/CertifiedVendorList.htm](http://www.county.milwaukee.gov/cbdp/CertifiedVendorList.htm)

## Contracting with Milwaukee County-First Steps

Please visit the website below for introduction to Milwaukee County, its various departments and divisions, and its solicitation, procurement, and contracting processes.  
[www.county.milwaukee.gov/bop](http://www.county.milwaukee.gov/bop)



### Milwaukee County Summary DBE Participation (Capital Improvement Projects)

**2015 Adopted Capital Improvement  
Budget-\$ 78,572,288.00**

Total Approximate Contract Dollars  
Awarded (July-October 2015)-  
**\$17,956,728.12**

Total Approximate Dollars Committed  
to DBE firms (July-October 2015)-  
**\$4,834,742.91**

Total Percent Committed to DBE  
firms (July-October 2015)=**26.9%**



*From page 2, Profit Margin*

## **The Balance Sheet**

The Balance Sheet is an instrument that measures the financial health of a business. It's a "snapshot" of the company's financial position at a moment in time. The Balance Sheet provides valuable information to bankers, investors, company management, suppliers, etc. Understanding the financial statements are important in evaluating any potential business that you might want to acquire. There are three major categories associated with the balance sheet, assets, liabilities, and stockholders' equity. If the company is a sole proprietor the stockholders' equity is called Owners' equity. Stockholders' or Owners' equity is the assets less liability. In regards to owners' wealth, the stockholders' or owners' equity is key because of the retained earnings, common stocks, preferred stocks, etc. Keep in mind that all the previously mentioned categories are important in determining the overall financial health of a company. But, the direct association with the net income (PL statement) and retained earnings (balance sheet) is a fundamental indicator. The retained earnings is the results of the net income, which determines the cumulative effect of the retained earnings, either positive or negative. When a company earns profits, it has to do something with the profits. Typically, it will either use profits to fund corporate needs or it might distribute some or all of the money to shareholders, i.e. common stocks. If the company decides to hold on to the money, it "retains" the earnings. The entry on the corporate balance sheet will show that money listed as "retained earnings." Other terminologies include accumulated earnings, accumulated profit and earned surplus. Depending on what the company does with the net income, the retained earnings will have a significant impact on the owner's ability to grow the company and achieve personal wealth.

For example, if a company elects to pay dividends, it comes out of the retained earnings. Typically a company can maintain or increase retained earnings by limiting dividend payouts. A company that has high level of retained earnings has a lot of flexibility. The company can use the profits to pay a dividend to shareholders. Or the company can use its profits to hire additional staff, pursue other corporate actions to earn additional money in the future, reinvest back into the company, etc.

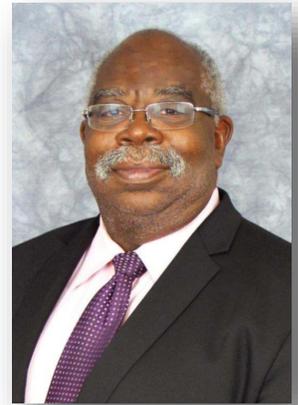
It's important to understand that the owner must spend the time to review and understand the major financial statements. Growing wealth for both the business and shareholders is key to a long-term success and sustainability. Owning a business is an excellent way to achieve financial wealth. Understanding the major financial statements, their relationship with each other, and how strong financial indicators are, such as retained earnings can lead to personal financial rewards. To graduate from the DBE program the personal net worth of the owner must exceeds \$1.32 million (equity in owner's principal residence and interest in the business is not calculated in the personal net worth). Based on the above criteria for graduating from the DBE, I think you would agree, that's a good financial place to be.

## Proposed ordinance changes impacting businesses

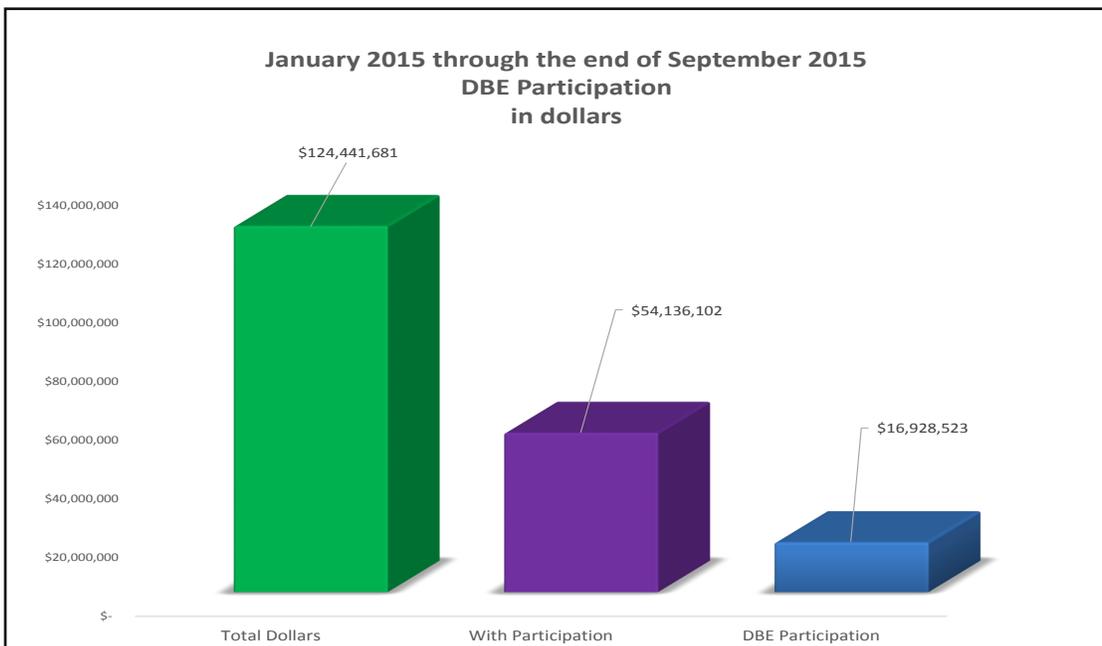
A measure sponsored by Supervisor Michael Mayo is intended to increase the number of minority businesses receiving contracts. Under Chapter 42, Milwaukee County limits participation to only DBEs to satisfy goals. Typically, a DBE firm is comprised of Minority Business Enterprises (MBE), and/or Women-owned Business Enterprises (WBE). As a result of only adopting the federal definition of DBE for participation on Milwaukee County contracts has inadvertently created an impediment to overall capacity building. A DBE owner graduates from the program when the DBE owner's personal networth exceeds \$1.34 million.

Changing chapters 42, 32, and 56 to include MBE, WBE (MBE & WBE, which has no personal net worth restrictions) and DBE firms for consideration on solicitation will increase participation on projects that are non-federally funded. Federally funded dollars associated with USDOT, FAA, and FTA require DBE participation. In addition the proposed ordinance is changing the current definition of a "small business enterprise" to the federal definition of small business enterprise. This change will allow Milwaukee County's Procurement Department to establish "set-asides" for small businesses. Set-asides must be race and gender neutral. For projects funded with local dollars (non-federally funded as previous described) a Targeted Business Enterprise goal will be established. Including MBE, WBE and SBE will in theory reduce the number of waivers reported each month, and increase the numbers of S/W/MBE firms as primes. The changes to chapters 42, 32, and 56 requires Milwaukee County Board of Supervisors' approval.

Under the change, goals will be set on Targeted Enterprises, which is comprised of minority, women, disadvantage, and small businesses. Goals are not set on individual groups, but instead on Targeted Business Enterprises. For example, a goal on a project might be 20 percent Targeted Business Enterprise. The 20 percent Targeted Business Enterprise participation can be satisfied by using one group, i.e. minority business or a combination of all the groups to makeup the 20 percent requirement. However, if a Targeted Business Enterprise is pursuing a project as a Prime in the previous example, the Targeted Business Enterprise must have 20 percent DBE participation. The total credited participation in the above example will include the Targeted Business Enterprise prime company and the DBE firm subcontractor.



**Michael Mayo, Sr**  
**Milwaukee County Supervisor**  
**7th District**  
**Chair, Transportation, Public Works**  
**&**  
**Transit Committee**



## Minority Impact Statement

A proposed ordinance submitted to the Milwaukee County Board of Supervisors will address issues associated with the minority community. The proposed ordinance is known as the Minority Impact Statement (MIS). The MIS bill is required for all County projects and contracts of \$300,000 or more. The measure, sponsored by Supervisor Khalif Rainey, is designed to assess, measure and report the efforts to engage minority populations and businesses when contracts are issued by Milwaukee County. Additionally, the ordinance will identify and modify policies and procedures that may restrict fair access to contracting opportunities. The implementation of the measure will be a quantitative data-driven analysis in an effort to identify the financial impact of the Milwaukee County program and how it affects minority populations in the County.

CBDP working with Corporation Counsel and other departments has developed a formal Minority Impact Statement (MIS). CBDP has identified protocols and procedures when implemented will improve participation and have a positive impact on the minority community. The following is a partial list of recommendations that will minimize the impediments to contracting opportunities, and will increase participation levels. Some of the recommendations are in place, while others will require Board approval once the MIS is finalized. The following are a few recommendations:

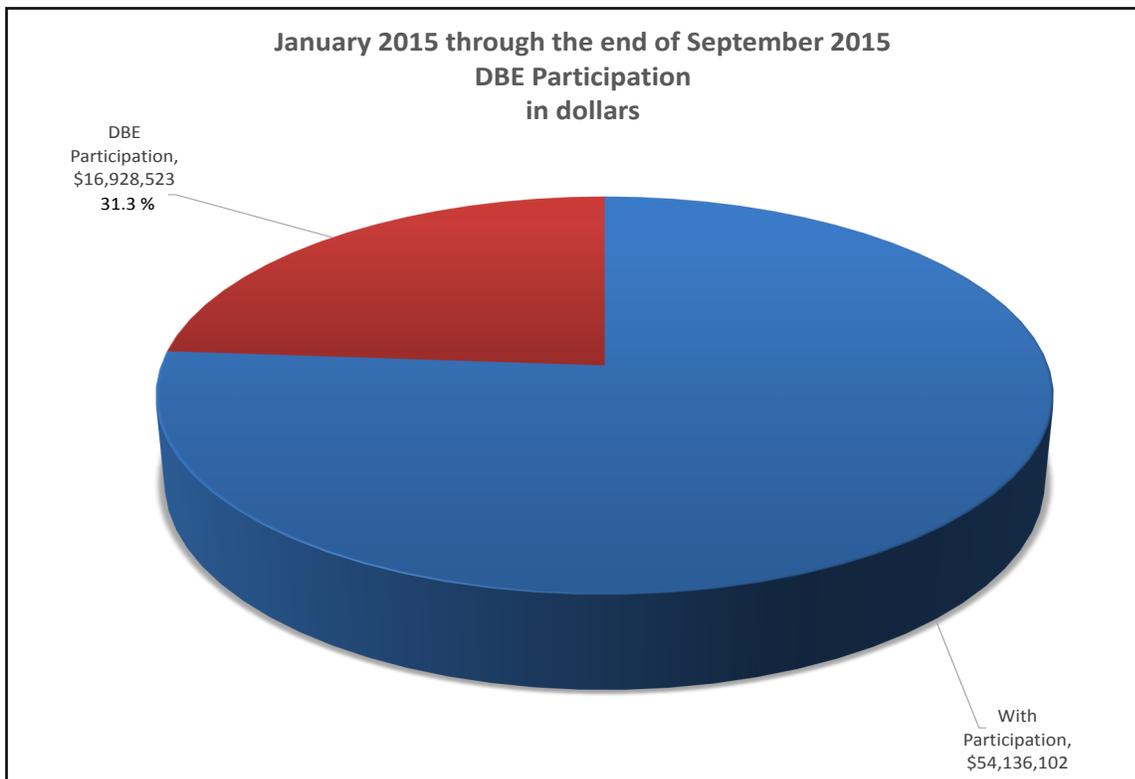
**Modification of the Fiscal Note:** Fiscal Note form requiring Departments to report the impact the action item would have on the MBE, WBE and SBE community. The requirement would be relatively simple and straightforward, a check mark reflecting positive, neutral or negative impact with the opportunity to elaborate.

**Modification of Department Budget Narrative:** In an effort to elevate the importance of Milwaukee County's mission to support and empower MBE, WBE and SBE communities, CBDP will work with the Performance, Strategy and Budget Department to determine the value and feasibility of incorporating a metric or specific narrative related to the MIS.



**Khalif Rainey**  
**Milwaukee County Supervisor**  
**2nd District**

---





### **Milwaukee County Community Business Development (CBDP) Microloan Program**

The Milwaukee County 2013 Adopted Budget earmarked \$100,000 donated by the Potawatomi Nation to be utilized for the Microloan Program. Milwaukee County CBDP was designated as the administrator of the program designed to provide financial assistance to DBE/SBE/ACDBE firms in the form of a one-time \$5,000 loan amount per applicant. CBDP did not have the resources to administer this loan in house and reached out to several financial institutions for assistance. Loan amounts of \$5,000 and less were not economically feasible for private financial institutions. To maintain the spirit of the program and keep the effort moving forward, CBDP explored several alternatives and concluded that the four minority chambers in Wisconsin (American Indian Chamber, Hmong Chamber, African American Chamber and Hispanic Chamber) have successfully administered microloan programs for several years. CBDP made a request to the Milwaukee County Board of Supervisors Economic and Community Development Committee to grant \$25,000 to each of the four minority chambers

Milwaukee County Board of Supervisors on Economic and Community Development met on October 26, 2015 to hear this request from Milwaukee County CBDP Director, Rick Norris. Present from the board were Steve Taylor (9<sup>th</sup> District) Chair of the Board, Martin Weddle (5<sup>th</sup> District) Vice Chair, James “Luigi” Schmitt (6<sup>th</sup> District), Willie Johnson, Jr. (13<sup>th</sup> District), Khalif Rainey (2<sup>nd</sup> District) and Supreme Moore Omokunde (10<sup>th</sup> District). Marina Dimitrijevic (4<sup>th</sup> District) was excused.

The following organizations appeared and spoke in favor of this item:

- Dr. Eve Hall, President and Chief Executive Officer, African American Chamber of Commerce of Wisconsin.
- Natalia Bonilla, Executive Director, Hispanic Chamber of Commerce of Wisconsin.
- Craig Anderson, Board President /Executive Director of both the American Indian Chamber of Commerce of Wisconsin and First American Capital Corp. (FACC).
- May yer Thao, Director, Hmong Wisconsin Chamber of Commerce.

A motion was made by Supervisor Johnson, Jr., that this Action Report be recommended for adoption and the motion prevailed.

## Revolving Loan Program

This loan program is currently accessible by DBE/SBE certified businesses working on Milwaukee County contracts. Contract work can be at the prime or subcontract/subconsultant level, and is also available to material and equipment suppliers.

For further information, contact Tru Mwololo

[Truphosa.Mwololo@Milwaukeecountywi.gov](mailto:Truphosa.Mwololo@Milwaukeecountywi.gov),

or

telephone at (414) 278-5037.

## Contact Us

Give us a call for more information about business opportunities, certifications, and compliance.

### **CBDP**

633 West Wisconsin Avenue,  
Suite 902  
Milwaukee, WI 53203

(414) 278-4747

[cbdp@milwaukeecountywi.gov](mailto:cbdp@milwaukeecountywi.gov)

Visit us on the web at :

<http://county.milwaukee.gov/cbdp>

**CBDP brings you the opportunities**

## STATS LINE

**17 firms received DBE certification during the 3rd quarter of 2015.**

*Freedom Cloud Technologies, LLC*

*Malleswari, Inc.*

*BAF Packaging, LLC*

*Design 4U*

*Clark's Dump Trucking, LLC*

*Professional Systems, Inc.*

*Created to Clean*

*Designers Landscaping*

*FAV, LLC (SBE)*

*One Choice Construction, Inc.*

*Cade Law, LLC*

*Avalon Rail, Inc.*

*Kane Communications Group, LLC*

*Barry Technologies, Inc. (ACDBE)*

*Lund Opsahl, LLC*

*Truthwell Transit*

*HP Construction Services, LLC*