

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: May 3, 2010

To: Economic and Community Development Committee
Transportation, Public Works and Transit Committee

From: Residency Contracting Workgroup

Subject: Residency Contracting Workgroup (File No. 10-135)

On March 18, 2010 the Milwaukee County Board of Supervisors adopted a resolution calling for a Residency Contracting Workgroup. The Workgroup is tasked with developing recommendations on strategies to achieve the County's 50% residency contracting goal for public works construction projects and making recommendations on enhanced administrative strategies and policy recommendations for monitoring and achieving the goal. The Workgroup is comprised of representatives of the Office of Corporation Counsel, the Department of Transportation and Public Works, the Department of Administrative Services, County Board Staff and the Department of Audit.

The goal of having 50% of County construction wages paid to County residents was established in 1995. Information provided by the Department of Audit for 1995, 1996 and 1997 indicates that the percentage of wages paid to County residents was 40%, 38% and 37%, respectively. In 1998, the Director of Public Works noted that, because of a robust local construction economy with the building of a new stadium and convention center, the local work force was being fully utilized. His recommendation at that time was that the 50% goal be held in abeyance for two years. While the record does not reflect any official action to pull back from the goal, it has not been in effect since that time. A review by the Department of Audit shows that the percentage of contract dollars paid to County residents in 2009 was 33% (see attached March 31, 2010 memo).

The Workgroup has met to develop strategies for implementing this initiative and reviewed information regarding similar programs at the City of Milwaukee, Milwaukee Public Schools and the Milwaukee Metropolitan Sewerage District. The Workgroup has concluded that the following actions should be taken:

1. A 50% County residency goal should be included in bid documents and contracts for all public works projects, including Time and Materials contracts.
2. Contracts will be awarded to the lowest responsive, responsible bid with the residency goal identified as a factor in the responsiveness of a bid.
3. The basis for the goal shall be the percentage of gross payroll dollars expended on the project.
4. Prior to the implementation of revisions to bid and contract documents, the Office of Corporation Counsel will review draft language to ensure that implementation of the policy will be as defensible as possible. A recent County Circuit Court case on the City of Milwaukee's residency preference program upheld the City initiative but some legal issues are still being resolved.
5. Monitoring of goal achievement shall be done by the Department of Audit on a sample basis similar to the process used when the residency goals were initiated in 1995. Contractors will be required to provide invoices that facilitate monitoring efforts. The reports will be provided on a semi-annual basis.

6. Consideration will be given to the establishment of waiver opt-out charges and / or liquidated damages that may generate funds that could be targeted for job training.

All of these steps will be addressed in time for a report in the June 2010 cycle of the Committees on ECD and TPWT for implementation effective July 1, 2010.

We recommend that this report be received and placed on file with a report back in the June 2010 cycle.

Jerome J. Heer, Director of Audits

Steve Cady, Fiscal & Budget Analyst, County Board Staff

Jack Takerian, Interim Director, Department of Public Works

Steve Kreklow, Fiscal & Budget Administrator, Department of Administrative Services

John Schapekahn, Principal Assistant Corporation Counsel

JJH/SC/JK/SK/JS/cah

cc: Milwaukee County Board of Supervisors
Scott Walker, Milwaukee County Executive
Cynthia Archer, Director, Department of Administrative Services
Timothy Schoewe, Acting Corporation Counsel