

City of Milwaukee Disparity Study Phase I Preliminary Findings Presentation

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n Consulting Group, LLC

Consultant Qualifications

- Management Consulting Firm specializing in MBE/DBE Programs and Disparity Studies
- 20 Years of Disparity Study experience
- Over 60 Disparity Studies
- State Agencies
- Local Governments
- State Universities and Community Colleges
- Multi-Agency Consortia

Objectives

- The three (3) primary objectives of the study were to determine:
 1. If a statistically significant disparity exists between the number of minority-owned and women-owned business enterprises that are ready, willing, and able to provide goods and services to the City and the number of minority-owned and women-owned businesses that were actually providing goods and services to the City during calendar years 2005, 2006, 2007 and 2008.

Objectives

2. The extent to which minority and women-owned business participate in the procurement of contracts with the City of Milwaukee in construction services, professional services and goods and services.
3. Whether minority and women-owned business participation is representative of the availability of minority and women owned businesses ready, willing and able to participate in contracts within the City of Milwaukee.

Background

Phase 1 Tasks - Completed

- Task # 1 - Legal Analysis
- Task # 2 - Contract Category and Data Collection
- Task # 3 - Relevant Market Area Analysis
- Task # 4 - Utilization Analysis
- Task # 5 - Availability of Qualified Firms
- Task # 6 - Disparity Analysis
- Task # 7 - Business Demographic Analysis
- Task # 8 - Phase I Preliminary Findings and Presentation

Legal Analysis

Reviewed the impact of relevant court decisions on Minority and Woman Owned Business programs to determine the current judicial requirements. The court cases included:

- *City of Richmond v. J.A. Croson Company*;
- *Adarand Constructor v. Pena*;
- *Western States Paving Co. v. Washington Department of Transportation*;
- *Contractors Ass'n. of Eastern Pennsylvania v. City of Philadelphia*;
- *Engineering Contractors of South Florida v. Metropolitan Dade County*;
- *Concrete Works of Colorado v. City and County of Denver*;
- *Northern Contracting, Inc. v. State of Illinois, et al.*; and,
- *Rothe Development Corp. v. US Department of Defense*.

Relevant Market Area Analysis

- To determine the relevant market area, we analyzed the contracts that were awarded to prime contractors to determine their geographic location by business category and county.
 - Construction - Milwaukee County, Waukesha County and Washington County, WI
 - Professional Services - Milwaukee County, Waukesha County, Washington County and Dane County, WI; Cook County, DuPage County and Kane County, Illinois; San Diego County and Los Angeles County, California; Dallas County, Texas; Pima County, Arizona and Spokane County, Washington
 - Goods & Services - Milwaukee County, Waukesha County and Ozaukee County, Wisconsin; and Cook County, Illinois

Utilization Analysis

- Construction

- Prime Contractor EBE Utilization - \$12,110,849 or 14.78 percent of total construction contract dollars
- Subcontractor EBE Utilization - \$13,781,332 or 16.82 percent of total construction contract dollars

- Professional Services

- Prime Contractor EBE Utilization - \$392,498 or 4.08 percent of total professional services contract dollars
- Subcontractor EBE Utilization - \$31,226 or 0.32 percent of total professional services contract dollars

- Goods & Services

- Prime Contractor EBE Utilization - \$1,552,095 or 7.55 percent of the total goods & services contract dollars
- Subcontractor EBE Utilization - \$1,743,228 or 8.48 percent of the total goods & services contract dollars

Availability Analysis

- Construction

- 4.64 percent of the prime contractors available to work on City contracts
- 16.46 percent of the subcontractors available to work on City contracts

- Professional Services

- 17.09 percent of the prime contractors available to work on City contracts
- 39.42 percent of the subcontractors available to work on City contracts

- Goods & Services

- 10.42 percent of the prime contractors available to work on City contracts
- 28.48 percent of the subcontractors available to work on City contracts

Disparity Analysis

- The following is the methodology utilized to determine if EBEs received a fair and equitable share of the subcontracting dollars:
 - Availability and Utilization data were analyzed
 - Disparity Index = Percent of Utilization divided by the Percent of Availability and multiplying the result by 100
 - A Disparity Index of 100 indicates parity, a balance between utilization and availability
 - A Disparity Index of less than 80 indicates significant underutilization

Preliminary Findings

FINDING 1:

The Relevant Market Areas for the City are:
Construction

County, State	# of Contracts	% of Contracts	# of Firms	% of Firms	Dollars	% of Dollars	Cum%
MILWAUKEE, WI	119	45.95%	36	52.17%	\$37,731,556.40	40.12%	40.12%
WAUKESHA, WI	90	34.75%	19	27.54%	\$31,974,730.55	34.00%	74.12%
WASHINGTON, WI	34	13.13%	2	2.90%	\$12,241,457.05	13.02%	87.14%

Preliminary Findings

FINDING 1: (continued)

Professional Services

County, State	# of Contracts	% of Contracts	# of Firms	% of Firms	Dollars	% of Dollars	Cum%
MILWAUKEE, WI	65	52.85%	46	48.42%	\$3,705,760.25	32.99%	32.99%
WAUKESHA, WI	10	8.13%	8	8.42%	\$2,188,211.30	19.48%	52.47%
WASHINGTON, WI	1	0.81%	1	1.05%	\$365,000.00	3.25%	55.72%
COOK, IL	7	5.69%	5	5.26%	\$169,040.20	1.50%	57.22%
DANE, WI	4	3.25%	4	4.21%	\$196,399.10	1.75%	58.97%
DU PAGE, IL	2	1.63%	2	2.11%	\$387,118.30	3.45%	62.41%
KANE, IL	3	2.44%	2	2.11%	\$262,300.00	2.33%	64.75%
SAN DIEGO, CA	2	1.63%	2	2.11%	\$212,503.40	1.89%	66.64%
LOS ANGELES, CA	2	1.63%	2	2.11%	\$68,009.00	0.61%	67.25%
DALLAS, TX	2	1.63%	2	2.11%	\$35,724.24	0.32%	67.56%
PIMA, AZ	2	1.63%	2	2.11%	\$32,955.00	0.29%	67.86%
SPOKANE, WA	1	0.81%	1	1.05%	\$2,000,000.00	17.80%	85.66%

Preliminary Findings

FINDING 1 (continued):

Goods & Services

County, State	# of Contracts	% of Contracts	# of Firms	% of Firms	Dollars	% of Dollars	Cum%
MILWAUKEE, WI	78	53.79%	59	50.86%	\$14,645,545.50	55.88%	55.88%
WAUKESHA, WI	28	19.31%	24	20.69%	\$3,937,131.85	15.02%	70.90%
OZAUKEE, WI	1	0.69%	1	0.86%	\$139,085.00	0.53%	71.43%
COOK, IL	9	6.21%	7	6.03%	\$1,837,823.47	7.01%	78.44%

Preliminary Findings

FINDING 2:

The statistical analysis identified disparity for several EBE groups as follows:

- Construction

- African Americans, Asian Americans and nonminority Women were significantly underutilized with disparity indices of 52.86, 0.00, and 30.95 respectively
- All other EBE groups were overutilized

- Goods & Services

- Native Americans, Hispanic Americans and nonminority Women were significantly underutilized with disparity indices of 0.00, 17.18, 0.72 respectively
- African Americans were underutilized with a disparity index of 86.97
- All other EBE groups were overutilized

Findings & Recommendations

FINDING 3:

- Professional Services

- 101 Professional Services contracts were included in the sample analyzed
- Prime Contractor EBE participation included African American, Asian American and nonminority Women owned firms
- Subcontractor EBE participation included an African American owned firm

Summary

The results of the analyses conducted in Phase I of the Study shows that there is significant underutilization of minority-owned firms in construction, professional services and goods & services. It is important to identify the reasons and/or causes for the underutilization. This will be accomplished in Phase II of the Study.

Next Steps

Phase II Tasks

- Task # 9 - Regression Analysis
- Task #10 - Private Sector Analysis
- Task #11 - Anecdotal Data Collection and Analysis
- Task #12 - Recommendations for Program Revisions or Development
- Task #13 - Public Hearings
- Task #14 - Phase II Final Report Presentation

Questions and Answers