



2016 Small Business Enterprise Program Annual Report

Department of Administration | Office of Small Business Development

Introduction

The City of Milwaukee's Office of Small Business Development (OSBD) is a multi-faceted direct service provider. The Office of Small Business Development has developed a communication network with each of the City's contracting departments to ensure that the opportunities in commodity procurement, construction, service orders and professional services are available to small and emerging businesses.

We work to enhance the small business community by maximizing support services, contract opportunities, and financial resources to compete in the public and private sector markets. The OSBD Program was created to assist and protect the interest of emerging and small business concerns. We take steps to promote and encourage full and open competition in the City of Milwaukee so emerging businesses may successfully compete in a free market as independent business owners. We also work to establish mentor-protégé relationships between small businesses and those businesses in the mainstream marketplace.

As presented in the Milwaukee Code of Ordinances, Chapter 370 requires that the Office of Small Business Development review Small Business Enterprise (SBE) Program participation progress in the City's contracting and procurement activities and annually submit a written report to the Mayor and Common Council. City contracting departments are required to utilize small business enterprises for the following percentage of the total contracting dollars annually expended on construction, the purchase of goods and services and professional services:

- Construction Contracts: 25%
- Goods and Services Contracts: 25%
- Professional Services Contracts: 18%

Therefore, the Office of Small Business Development is pleased to present a comprehensive report of Chapters 370 activities as of December 31, 2016. All utilization data included in this report will be reflective of the aforementioned legislative reference and will highlight SBE utilization.

The data contained in this report was compiled by the Office of Small Business Development with assistance from the following City contracting departments, as required by Chapter 370:

- Department of Administration – Purchasing Division
- Department of Public Works
- Department of Neighborhood Services
- Milwaukee Fire Department
- Milwaukee Police Department
- Milwaukee Public Libraries

Data Analysis

Small Business Enterprise Certification

Annually, the Office of Small Business Development (OSBD) is responsible for processing more than 100 requests for SBE certification, both new and renewal applications. Below is an overview of SBE certification efforts in 2016:

- Total new firms certified: 26
- Total firms renewed certification: 54

Also, detailed below is a chart which identifies the demographics of our 2016 pool of 237 SBE certified firms:

Ethnicity	Total	Percentage
African American	99	42%
Asian American	16	7%
Caucasian	66	28%
Hispanic	44	19%
Native American	11	5%
Other	1	0%
Total	237	

Gender	Total	Percentage
Male	144	61%
Female	93	39%
Total	237	

OSBD reviews each request from contracting departments to ensure that the opportunities in commodity procurement, construction, service orders and professional services are available to the actively certified firms. If there are two or more firms certified to provide a commodity or service in a specific industry classification, the OSBD will recommend that the department include SBE participation requirements as a condition of its contracting documents.

Small Business Enterprise Utilization

The City of Milwaukee has two major contracting departments: the Department of Public Works (DPW) and the Department of Administration – Purchasing Division (Purchasing). DPW is responsible for ensuring that the infrastructure of the City of Milwaukee is functional, such as the maintenance of streets and bridges, traffic signals and street lighting. In addition, Purchasing is responsible for acquiring commodities and services for City Departments. It’s important to note that the majority of SBE firms are certified in construction related trades, while the majority of the contracting that is done by Purchasing, on behalf of all City Departments typically involves procuring items and services in which there are no SBE certified firms that can actively participate on such contracts.

2016 Construction Contracts \$63,081,126

	Goal	Actual	Dollar Amount
SBE	25%	23%	\$14,779,606

2016 Goods & Services Contracts \$ 61,030,678

	Goal	Actual	Dollar Amount
SBE	25%	4%	\$2,540,755

2016 Professional Services Contracts \$15,843,374

	Goal	Actual	Dollar Amount
SBE	18%	12%	\$1,933,702

The aforementioned variations in SBE participation percentages can be attributed to the lack of or abundance of certified firms available to provide a specific commodity or service.

Small Business Enterprise Historical Utilization

The chart below provides a historical perspective of the annual participation rates achieved since 2007. However, because of the structural changes to the City’s certification program, it is difficult to compare the overall achievement of the SBE and former EBE and MWSBE programs. Hence, the Small Business Enterprise certification program is more consistent with the former structure.

The achieved EBE, MWSBE and SBE rates for 2007 through 2016 are as follows:

Contract Year	EBE Rate	Achieved EBE Rate
2007	18%	16%
2008	18%	19%
2009	18%	15%
2010	18%	19%
2011	18%	16%

Contract Year	MWSBE Rate	Achieved MWSBE Rate
2012	25% Construction	19.55%
	<i>5.64% - MBE</i>	<i>6.80%</i>
	<i>7.31% - WBE</i>	<i>5.45%</i>
	<i>12.05% - SBE</i>	<i>7.30%</i>
	25% Goods & Services	12.15
	<i>3.40% - MBE</i>	<i>.16%</i>
	<i>17.09% - WBE</i>	<i>0%</i>
	<i>4.59% - SBE</i>	<i>11.99%</i>
	18% Professional Services	.02%

Contract Year	25% Construction	25% Goods & Services	18% Professional Services
2013	23%	7%	9%
2014	22%	9%	6%
2015	25%	7%	17%
2016	23%	4%	12%

Conclusion

Overall in 2016 the City of Milwaukee achieved a 23% participation rate for construction contracts, 4% participation rate for goods and services contracts and 12% participation rate for professional service contracts. The City of Milwaukee has made great strides in attempting to close the gap in support of creating opportunities for small businesses to play a stronger role in doing business with the City. It's important to note that there are still challenges.

Since the programmatic changes in 2013, the SBE participation rates for construction have steadied toward the 25% goal. In contrast, the participation rates for goods and services and professional services have remained below the 25% and 18% goal respectively. Several factors, including the availability of firms certified in the specific areas of commodities or services or the absence of firms actively engaging in the procurement and bidding process, directly impact the outcomes as it relates to the percentage of contracts awarded to SBE firms.

However, by working together, City departments can begin to unbundle projects by examining the overall scope of work, to identify where SBE participation can be required, as well as aiding in the business solidification efforts of SBE firms. Additionally, strengthening external partnerships with local ethnic chambers of commerce and community organizations that emphasize entrepreneurship and economic development, will aid the City in its efforts to support and sustain small business growth.