

001351

March 29, 2001

Mr. Ralph Wisco, Senior Buyer
City of Gainesville
General Government Purchasing
Mail Station 32
PO Box 490
Gainesville, FL 32602

Dear Mr. Wisco:

Re: Request for Proposals for Impact of Living Wage Study

I thank you for the opportunity to submit the enclosed proposal. I, Patrick Anderson, as a principal of the Anderson Economic Group division of BBK, Ltd., am legally authorized to enter into a contractual agreement in the name of BBK, Limited.

Sincerely,



Patrick L. Anderson
Principal

*Signed before me this 29th
Day of March, 2001.*

Cynthia S. Brownlee

CYNTHIA S. BROWNLEE
NOTARY PUBLIC CLINTON CO., MI
MY COMMISSION EXPIRES Jun 17, 2005
Acting in Ingham County, Michigan

March 28, 2001



Proposal for
Impact of Living Wage
Study

RFP# 010218-HRDX-RW

City of Gainesville

Patrick L. Anderson

Ian K. Clemens

Eric T. Knepper

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PROJECT UNDERSTANDING

The City of Gainesville requires an independent, expert analysis of how a living wage ordinance would affect taxpayers, employers, and workers. Based on our past experience in analyzing the effects of tax, wage, migration, and government policy effects in other cities, we recommend a program that will accomplish these goals.

Using this program, we can provide the City with:

1. Sound advice on the probable impacts of such a policy, including sensitivity analyses that will show how setting the living wage rate at different levels will change the effects on workers, employers, and taxpayers;
2. A recommended living wage level that takes into account the specific labor market in the area, the demographic characteristics of the area, and the types of occupations and skills that will be required for covered workers; as well as the types of employers that are covered.
3. A planned approach to regular revisions of the target living wage, to take into account changes in the employment market and other factors.

IMPORTANT CONSIDERATIONS

In proposing this approach, we take into account several important considerations. These include:

- The “living wage” issue is a controversial one, and much of the literature on the topic is primarily advocacy work, not sound analysis. Even some of the more reasoned analysis suffers from severe methodological defects, such as relying on survey information from self-interested parties; counting only benefits (or costs) and ignoring the complementary effects; labeling impacts as “small” or “large” using different yardsticks (such as counting costs by a share of a total budget for the city, but benefits by an annual earnings increase for a specific worker); and ignoring the likely effects of wage changes on consumers of services, taxpayers, or competing workers.

Our approach is based on sound social science methodology, and is not colored by advocacy for or against the concept of a living wage.

- We expect the City of Gainesville, not their consultant, to make decisions on this issue. We will provide the City with the best available information and analyses, so the City can make an informed decision.
- The impact of a living wage ordinance, like the impact of any change in prices or wages, will consist of changes in income and expenditures (the “income effect”), and changes in the quantity of services purchased (the “substitution effect”). Our approach will identify both these categories of effects.

Our methodology is based on a sophisticated simulation model of the labor market, in which the effects of the policy can be modeled using standard techniques of microeconomics. This approach allows us to identify the effects on the purchasers of services—the City and related entities—as well as on those who sell the services—the workers and their employers. We

enforce the integrity of our approach by insisting that all the data be available, so that the City and its residents can have confidence that the costs and benefits have all been properly counted, and furthermore that they have been counted just once.

This approach also allows us to conduct sensitivity analyses, such as asking how the effects differ if the living wage is set 30% higher. Only a rigorous approach of this type will allow the City to confidently assess the complete impact of such a policy, and understand how changes that benefit one group of individuals affect others.

PAST EXPERIENCE

Reviewing our past experience will allow the City to confidently choose our firm to undertake this task. We have already analyzed the effects of a living wage ordinance in the City of Detroit on a large employer in that City. We have already modeled the impact of the Earned Income Tax Credit—a tax policy that achieves a similar effect on many workers—in the State of Michigan, taking into account not only the direct costs to the taxpayers of the program, but also the benefits the taxpayers would receive from lower social service expenditures, more tax revenue from other taxes, and the social goals of promoting stable families and high employment. We have examined the labor markets, tax structure, and demography of dozens of cities across the United States, using real data and rigorous analysis. Many of our reports have been published, distributed on the Internet, and been made available for review and criticism. We expect that the results of this effort will face scrutiny by a number of groups, and will insist that the work we do can withstand that scrutiny.

EXAMPLES OF PAST PROJECTS

Included in this proposal are selected exhibits from similar past engagements. Please see a graphical overview of a simulation model applied to City of Detroit (Figure 1, “City of Detroit Revenue Impact Model,” on page 24), which projects migration, workers, wage earnings, tax revenue, and other effects.

Please see also an initial demographic analysis of the region (Figure 2, “Alachua County Household Density (2000),” on page 25 and Figure 3, “Gainesville Household Income (2000) and Projected Population Growth (2000-2005),” on page 26).

PROJECT APPROACH

PROJECT KICK-OFF AND SPECIFICATION MEETING

We will begin the project with a commencement meeting in Gainesville between our project team and representatives from the City of Gainesville General Government (GG), Gainesville Regional Utilities (GRU), and Alachua County Board of County Commissioners (AC). The meeting will serve as a means of introduction and provide a venue for firming up the study strategy, scope, and timeline. In addition, at that time, we will provide a tentative list of needed data and materials from the City of Gainesville.

The result of this meeting will be a detailed strategy and specifications document compiled by our project team and delivered to the contracting agencies. This document will outline in detail the strategy, scope, and timeline of the project, as well as the agreed upon inventory of data and materials to be provided to our project team.

BACKGROUND DATA COLLECTION

In addition to data provided by the contracting agencies, our project team will make use of various public and private data sources. This will include the use of our database of over 1000 demographic, economic, and geographic variables we have on hand for the State of Florida as part of our Geographic Information System (GIS) facility. We will also make extensive use of data provided directly from the US Census Bureau, including County Business Patterns, Consumer Expenditure Patterns, and base demographics. Other sources to be tapped include numerous federal agencies, the University of Florida, local chambers of commerce, economic development agencies, and real estate organizations, to name a few. The data collected in this phase will be foundational to the study, from determining a living wage definition to populating our impact model.

At the conclusion of this phase, our project team will deliver a status report of our progress, detailing the data choices made, and other pertinent strategy decisions.

LIVING WAGE DEFINITION AND ALTERNATIVE POLICY DETERMINATION

The data collected will form the basis for the determination of a living wage, most notably data from the Census Bureau's poverty definitions. Our project team will also conduct an exhaustive search of the numerous US cities with a Living Wage Ordinance. Ordinances from cities such as Detroit, Baltimore, Santa Cruz, and Milwaukee will be studied and used to determine a suitable effective definition. The definition of an effective living wage for

(GG), (GRU) and (AC) will take into account the unique characteristics of the region's demography, as well as the effective standards established by other US cities to determine a suitable living wage level for workers with and without health care coverage provided.

At this time, our team will also examine the alternative policies to the establishment of a living wage. The effect that such policies as an earned income tax credit, targeted tax cuts, and a reduction in regulations would have on (GG), (GRU), and (AC) will be examined.

Once the definition is determined, our project team will generate a status report summarizing our methodology, results, the effectiveness of a living wage ordinance in other US cities, and reasonable alternatives to establishing a living wage.

ADJUSTMENT OF AEG LIVING WAGE MODEL TO GAINESVILLE REGION

For a major employer in the City of Detroit, AEG previously developed a model for assessing impacts under that city's living wage ordinance. The model, a first of its kind for dynamically determining impacts under multiple scenarios, will be adapted for the Gainesville region, as well as expanded to include the impact of the living wage on tax rates, and government, including the fiscal impacts, and the related impacts on various governmental programs.

The resulting model will allow great versatility in the examination of various model inputs, including any number of living wage variables, population growth estimates, worker numbers by category (i.e. food preparation and/or distribution, security services, and routine maintenance services), University of Florida student population numbers, levels of government benefits (i.e. low income housing, and food stamps), tax rates, family sizes, and other variables.

To further enhance our model, and adapt it to the Gainesville region, we will make use of other studies that address the impacts of various wage laws, policy initiatives, and tax measures for the working poor:

TABLE 1. Relevant Published Sources on Wage Policies

A Study of an Earned Income Tax Credit for Michigan's Working People, February, 2000, Patrick L. Anderson, Anderson Economic Group. Available at: http://www.AndersonEconomicGroup.com/Projects/00/EITC/earnedincomecreditstudy.htm
Impact of Detroit's Living Wage Law on Non-Profit Organizations, June 2, 2000, David Reynolds, Wayne State University, Labor Studies Center.
Baltimore's Living Wage Law: An Analysis of the Fiscal and Economic Costs of Baltimore City Ordinance 442, October, 1996, Preamble Center for Public Policy.
Economic Analysis of the Los Angeles Living Wage Ordinance, October 1996, Robert Pollin and Stephanie Luce.
The Effects of the Living Wage in Baltimore, February, 1999, Economic Policy Institute.
Living Wages at the Airport and Port of San Francisco- The Benefits and the Costs, October 6, 1999, Michael Reich et al, UC Berkeley.
The Impact of a Living Wage Ordinance on Miami-Dade County, October 22, 1998, Bruce Nissen: Center for Labor Research and Studies, Florida International University.
Living Wages at the Port of Oakland, December, 1999, Carol Zabin et al, UC Berkeley.
Living Wage- An Opportunity for San Jose, August, 1998, Working Partnerships.
Economic Analysis of a Living Wage Ordinance (Chicago), July, 1999, George Tolley.

In reviewing these other analyses, we will take note of the methodological deficiencies briefly mentioned above, and adapt only those practices and data that are consistent with rigorous social science methodology.

IMPACT ASSESSMENTS

Our model will then be used to calculate impacts on

1. GG, GRU, and AC
2. MBE/SBE contracting employers
3. Non-MBE/SBE contracting employers

As stated above, because of the dynamic nature of the model, impacts can be calculated using countless input scenarios; we will calculate impacts for LW, LW+10%, LW+20%, LW+30% and more.

A critical aspect of this analysis is its dynamic nature. In our living wage, migration, and tax credit simulation models, we incorporate incentive and behavior effects that reflect the actual behavior of people in an economy.¹ The normal behavior of people in an economy is to work more for higher wages, and to purchase less of a good or service that costs more. Any serious evaluation of a policy that affects after-tax wages must take into account all these effects, which necessarily sometimes work at cross-purposes to each other.

Dynamic effects—pointedly ignored in many evaluations published by advocacy groups—are essential to understanding the actual effects of a living wage ordinance.

SPECIAL ASSESSMENT OF UNIVERSITY OF FLORIDA

In this phase the uniqueness of the Gainesville region as home to University of Florida and other colleges will be addressed. University towns have unique demographics—a predominance of white-collar workers & service jobs, high educational attainment, concentration of young singles, and large share of rental properties. Our team is comprised of experts in demographic analysis, and practiced in the analysis of local policies under various demographics. We will examine the effects that the student population has on demographics and economic profile of the region, and how these effects apply in the application and definition of an effective living wage.

For this phase we will produce a separate assessment breaking out specific effects and impacts due to the unique demographics of the region, that result from the large student population. This document will serve as both a self-contained report and as part of the overall study.

FINAL REPORT

All Anderson Economic Group studies are of the highest professional caliber. We pride ourselves in providing reports that, with great lucidity, make complex issues understandable. At the conclusion of the study, our team will travel to Gainesville to present the study findings, along with copies of the draft report. Gainesville representatives will then have a period of time to review and comment on the report. These comments and suggestions will then be worked into the final report. This final, professional-quality report will be delivered in the requested number of copies, complete with high-

1. The City's request reflects the desire of the community to understand these effects, by asking the consultant to project the effects of different levels of wages on competing workers, workers receiving government assistance, and employers.

Project Approach

quality color charts, maps, and graphs. An electronic version can also be completed, to be made available over the Internet.

ADMINISTRATION & QUALITY CONTROL

Our firm rigorously follows an ISO 9002 quality control process. We pride ourselves on maintaining objectivity and high-standards, no matter the situation.

SCHEDULE

We plan an aggressive schedule beginning on May 16 and ending by mid-July. For details concerning the schedule, please see the projected time-line at the end of this document (Figure 4, "City of Gainesville Living Wage Study Project Time-Line.," on page 27).

DESIGNATED CONTACTS

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QUALIFICATIONS OF AEG

RELATED EXPERIENCE

Anderson Economic Group is an economic and public policy consulting firm, providing rigorous economic, statistical, and legal analysis for the private and public sectors. The unique experience and skills of AEG consultants are especially valuable in evaluating public policy issues. At AEG we approach every issues fairly, with an accurate evaluation of the underlying economics of the marketplace. Evaluating factors that standard analyses often miss—incentives, compliance costs, alternative policies, effects of employment and income, and other factors—we have assisted businesses, citizens, trade associations, governments, and think tanks.

AEG effectively develops solutions, recommends a course of action, and diligently implements the appropriate measures that ultimately lead to additional success. AEG routinely works in the areas of economic development, state and county finance and economics, land use, real estate and site selection, demographic analysis, policy studies and application development. Our firm also follows an ISO 9002 quality assurance system.

AEG is part of Southfield, Michigan based BBK Ltd., a minority-owned financial consulting firm of over 70 full-time professionals, with offices in Southfield, Michigan and Chicago, Illinois.

By combining the unique experience and skills of our consultants with the most advanced technological and analytical tools available, AEG will provide the City of Gainesville with the most comprehensive assessment of the impact of the living wage ordinance available.

RELATED PROJECTS

AEG has performed a number of studies determining costs and other impacts of proposed local ordinance initiatives. The following are recent examples of AEG's relevant experience in the public and private sectors.

ECONOMIC AND FISCAL IMPACT ANALYSIS

The City of Detroit, founded in 1701, is one of the nation's largest cities, and the center of one of the nation's largest metropolitan areas.

AEG provided the City of Detroit with a detailed economic and fiscal impact assessment of a change in state law, which rendered the City's residency ordinances unenforceable after a certain date. The project involved projecting migration in and out of the city, retail activity, related transportation, parking and real estate demands, and forecasting its effects in tax revenue from income, property and utility taxes. An advanced simulation model was developed to take into account these affecting the future economic

growth of the City. The firm's Geographic Information Systems facility was also used to present both page-sized and poster-sized displays of migration patterns, income, and geocoded residence locations of certain employees of the City.

The results were given in three separate labor arbitration proceedings conducted under Michigan's labor arbitration statutes, each of which included detailed testimony and cross-examination under oath. In addition, Patrick L. Anderson accompanied the Mayor of Detroit in providing testimony to the Michigan House of Representatives on the residency issue.

BUSINESS CLIMATE BENCHMARKING STUDY

The Michigan Economic Development Corporation (MEDC) is the State of Michigan's economic development and promotion agency, responsible for business attraction and retention efforts for the state, as well as tourism and travel industry promotion.

AEG was retained by the MEDC to benchmark the business climate of Michigan against the best competing cities in the American Midwest, South, East, and Canada. We created a profile service and manufacturing firms, each incorporating land, equipment, and labor factors appropriate to these specific types of businesses. Using our geographic information system facility, we populated a database of cities across the Midwestern, Southern, and Eastern United States, as well as Canada. Our analysis relied on these data to compare the effect of different wages, utility costs, taxes, fees, and other costs faced by businesses across multiple cities, states, and countries.

LIVING WAGE STUDY

For Kmart Corporation, AEG was retained to assess the true impact of a living wage ordinance on City of Detroit employers. For this project AEG developed a sophisticated modelling environment in which multiple scenarios could be evaluated. The model calculated wage costs, costs of goods sold, and revenue for each store. Additionally a graphical user interface was included allowing the simulation of many different possibilities including opening additional stores and changing relative wage levels at one or more stores.

ECONOMIC IMPACT ANALYSES

AEG has assisted several municipalities in preparing economic development plans and Renaissance Zone (designated tax exempt areas) applications. Ionia and Barry Counties, located between Lansing, Grand Rapids, and

Kalamazoo-Battle Creek, contain economically disadvantaged small town and agricultural based communities.

In a joint application submitted in December 2000 to the Michigan Economic Development Corporation, Ionia and Barry Counties sought the designation of a Renaissance Zone, in order to encourage economic growth and community revitalization. The Counties retained Anderson Economic Group of Lansing, Michigan, to aid in the management of the project, as well as the preparation of the application, the interpretation of the Renaissance Zone Act, and cost/benefit and tax analyses of the proposed sub-zones. Ionia and Barry Counties, located between Lansing, Grand Rapids, and Kalamazoo-Battle Creek, contain economically disadvantaged small town and agricultural based communities.

The project team organized a committee that included representatives of Ionia and Barry Counties. AEG helped design a rigorous selection process that fulfilled both the statutory requirements of the Renaissance Zone Act, and the strategic goals of the Counties' economic development efforts. The Counties selected eight sub-zones, including the City of Belding, the City of Ionia, Lyons Village/Township, Odessa Township, Woodland Township, the Village of Middleville, Hope Township, and Barry Township.

EDUCATION MARKET STUDY, SCHOOL FINANCE

AEG was commissioned by a group of business and community leaders to assist them in understanding the finances of the \$14 billion primary and secondary school system in the State of Michigan, and then to help draft a constitutional amendment to provide school choice to parents in failing school districts.

AEG developed a model of the market for education in the state, including both private and public schools, which allowed for the comparison of numerous potential finance systems, including the current system based on a per-pupil allowance for public schools, and no aid to parents choosing private schools. Using this information, the group formed a committee that proposed amending the state's Constitution to allow parents in failing school districts to receive tuition assistance for private schools. Two independent evaluations of the amendment later validated the original AEG fiscal estimates of the proposed amendment.

EARNED INCOME TAX CREDIT STUDY

AEG was retained by the Michigan Catholic Conference to conduct a study of an Earned Income Tax Credit targeted towards the needs of Michigan's working people. AEG conducted analysis of an EITC on Michigan's work-

force and compared the effects with other states that have already implemented Earned Income Tax Credit Policy. The study focused on providing detailed analysis of the EITC effects by income level, and analysis of the share of the total tax burden and total wage earnings. The simulation model used for the analysis incorporated dynamic effects, which enabled projections of increased work effort and employment from higher wages, cost effects on employers, tax revenue changes for the state, and reductions in social services expenditures related to increased employment and earnings.

FINANCIAL PROJECTIONS, URBAN ENTERPRISE ZONE

The City of Detroit Empowerment Zone Authority selected BBK Ltd., to assist in developing near and long-term cash flow forecasts for its federally-designated Empowerment Zone, and in obtaining funding to maintain operations. Empowerment Zones are intended to assist Cities and workers with limited skills or work experience to encourage productive work with private employers.

ENVIRONMENTAL JUSTICE EVALUATION

General Motors is the World's largest automobile producer, with operations across the world, at numerous production facilities throughout North America. When General Motors sought to build the first new automobile production facility in a decade in Lansing, Michigan, they sought the assistance of our firm to evaluate the site for environmental justice concerns. "Environmental Justice" are first to the evaluation of an impact of a facility under Title VI of the 1964 Civil Rights Act, as interpreted by the executive branch of the US Government under Executive Order 12898 of 1984. This order requires federal agencies and state agencies receiving federal funds, to identify and address "disproportionately high and adverse human health or environmental effects" on minority and low income populations.

Our expertise in this field allowed us to prepare a number of acute analysis of the area and its population, including using a number of techniques that are far more appropriate than the common "concentric circle" approach that often misses natural boundaries. We also completed a comparison of the Lansing site with other sites across the State that could be appropriate for a large industrial facility, providing a much more fair comparison for the effected populations.

STUDY ON DEMOGRAPHICS OF URBAN BROWNFIELDS

AEG was asked to participate in the Michigan DEQ's environmental justice task force, to assist the Director in determining state policy in this complicated area. Our presentation to the task force focused on the effective and

proper use of geographic and demographic analysis; the common errors in such analyses; and the perverse incentives that can result from naive application of such techniques.

Following this effort, AEG completed the first statewide analysis of urban brownfield redevelopment authority areas in the state of Michigan. Using our GIS facility, we analyzed the demography of such urban areas, including the City of Lansing, and produced an interactive database available on the AEG web site.

Patrick L. Anderson and Ian Clemens also published a report on the demographics of brownfield areas, one of the first to objectively document the relationship between income, race, and industrial locations, as well as critically evaluating the potentially adverse incentives created by certain federal policies.

ECONOMIC IMPACT STUDY, TELECOMMUNICATIONS LAW

Ameritech is one of the nation's largest telecommunications companies, providing local telephone and advanced telecommunications service in many areas of Michigan and the Midwest.

Local, local-toll, and long-distance telephone service is regulated under both state laws and the federal telecommunications act of 1996. After the passage of the Michigan Telecommunications Act of 2000, Anderson Economic Group was commissioned to produce an independent study of the effects of the law on consumers in the state. Using both economic and legal analysis of the law itself, and an advanced simulation model, AEG produced a comprehensive report identifying the effects in each of four different markets.

Apportioning the impact across every local exchange area, LATA, and zip code area in the state further extended the results. AEG then provided consumers with an internet-enabled facility to view the effects of the new law on the places in which they live and work, using innovative scalable-vector graphics to create maps with interactive information effects

COST-BENEFIT ANALYSIS, CITY POLICE STATION

AEG conducted a cost-benefit analysis of locating the Lansing North Precinct police station in two competing locations. As part of our analysis, we examined the economy and demography of the two areas, the commercial potential, parking and traffic needs, as well as the financial impact on the city. We prepared an economic impact assessment of the two sites, which took into account the proximity and growth potential of housing, retail, and

recreational opportunities. We also completed a comparative fiscal analysis, showing the effects on the City budget of the two options, taking into account both current expenditures, future costs, and State grants.

The report was delivered to the Lansing City Council, and showed a positive net benefit to the city for both locations.

AEG PERSONNEL

PATRICK L. ANDERSON

Patrick Anderson is the founder and Managing Director of Anderson Economic Group. With a strong background in Constitutional Law, Mr. Anderson was appointed by Michigan Governor John Engler to serve as Trustee of the State Employees Retirement System and as a member of the Blue Ribbon Commission on the Headlee Amendment; and by the Michigan Legislature to serve on the Michigan Consumers Council, where he was elected vice chairman. Along with his expertise on the Headlee Amendment, Mr. Anderson is the principal author of the 1992 Term Limit Amendment to the Michigan Constitution.

Before founding AEG, Mr. Anderson served as the chief of staff of the Michigan Department of State and as deputy director of the Michigan Department of Management and Budget. Prior to his involvement in State Government, Mr. Anderson was an assistant vice president of Alexander Hamilton Life Insurance, where he shared responsibility for \$5 billion in invested assets and worked on a number of tax limitation projects. He also worked as an economist for Manufacturers National Bank of Detroit and held a graduate fellowship with the Central Intelligence Agency in Washington, D.C.

Mr. Anderson has written extensively on economic policy. He has had over seventy-five articles published in periodicals such as the Wall Street Journal, the Detroit New, the Detroit Free Press, and monographs published by the Mackinaw Center for Public Policy, The Economic Enterprise Foundation of Detroit, and the Heartland Institute of Chicago.

Mr. Anderson is a graduate of the University of Michigan where he earned a Masters degree in Public Policy and a Bachelors degree in Political Science.

IAN CLEMENS

Ian Clemens is a Senior Consultant at AEG with expertise in economic and public policy analysis, market studies, regional economic assessments, and advanced programming and modeling techniques. His work includes experience with economic and fiscal impacts, business climate and marketing

studies, Geographic Information Systems (GIS), and custom web-based business applications

Mr. Clemens is a graduate of the Massachusetts Institute of technology where he obtained a degree in Applied Mathematics. Mr. Clemens also holds a Masters degree in Christian History from Regents College in Vancouver, BC.

Mr. Clemens had contributed to a number of projects assessing economic impact for clients like... Ian is also the developer of MichiganMapper.com, an online demographic and market reporting service.

ERIC KNEPPER

Eric Knepper is a Consultant with AEG and holds a Masters degree in Community and Economic Development from Illinois State University and is currently completing a second Masters degree in Agricultural Economics from Michigan State University.

Mr. Knepper served as an intern at Central Washington State where he established a National Center of Excellence at Heritage College and conducted community development and outreach with the Lower Yakima County Rural Enterprise Community. As an active participant in the community he assisted in strategic planning and capacity building for local community development organizations. Mr. Knepper also served as a Peace Corps Volunteer in Fiji where he taught economics and mathematics. While in Fiji he authored an economics textbook titled "Economics in Fiji." The text is currently the recommended resource for high school curriculum in the country.

SUPPORTING STAFF

Other AEG employees that are expected to contribute to the Impact of Living Wage Study proposed here include analyst Christopher Cotton, associate Scott Watkins, and Executive Assistant Sonna Whitsitt. Mr. Cotton is a graduate of Michigan State University with a Bachelors degree in Business Economic. Mr. Watkins is a graduate of Michigan State University with Bachelor degrees in International Relation and Marketing. Ms. Whitsitt holds an associates degree from Lansing Community College and is pursuing a Bachelors degree in Business from Northwood University.

REFERENCES

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PRICING

The table below details the sub-tasks and their respective costs.

TABLE 2. Pricing of Project

Gainesville project	Cost
Project Start and Specification Meeting	\$5,200
Background Data Collection	\$3,800
Living Wage Definition Determination	\$3,300
Adjustment of AEG Living Wage Model to Gainesville	\$9,700
Impact Assessments	\$7,600
Special Assessment of University of Florida	\$3,300
Final Report	\$5,200
Administrative and Project Direction	\$5,900
TOTAL COST	\$44,000

A separate price proposal will be developed for an annual or semi-annual re-benchmarking of the labor market and adjustment of the Living Wage level.

AEG will also provide additional consulting services, including additional presentations, further simulation analyses or sensitivity analyses, break-out of additional sub-population results, expert testimony in courts or for legislative committees. Additional services will be provided at our professional rate schedule plus direct material costs, which are billed without markup.

Our current schedule is as follows:

- Patrick L. Anderson and other Principals, \$325 per hour;
- Managers, \$265 per hour;
- Ian Clemens, and other Senior Consultants, \$220 per hour;
- Eric Knepper and other Consultants, \$180 per hour;
- Analysts, \$135 per hour;
- Associates and Administrative, \$90 per hour.

We will offer the City a 20% nonprofit agency discount off these rates.

LIST OF ATTACHED DOCUMENTS

CITY OF DETROIT REVENUE IMPACT MODEL

ALACHUA COUNTY HOUSEHOLD DENSITY—MAP

CITY OF GAINESVILLE MEDIAN HOUSEHOLD INCOME— MAP

DETAILED PROJECT SCHEDULE

SIGNED RFP ADDENDUM

DRUG FREE WORKPLACE FORM

MINORITY BUSINESS ENTERPRISE CERTIFICATION

FIGURE 1. City of Detroit Revenue Impact Model

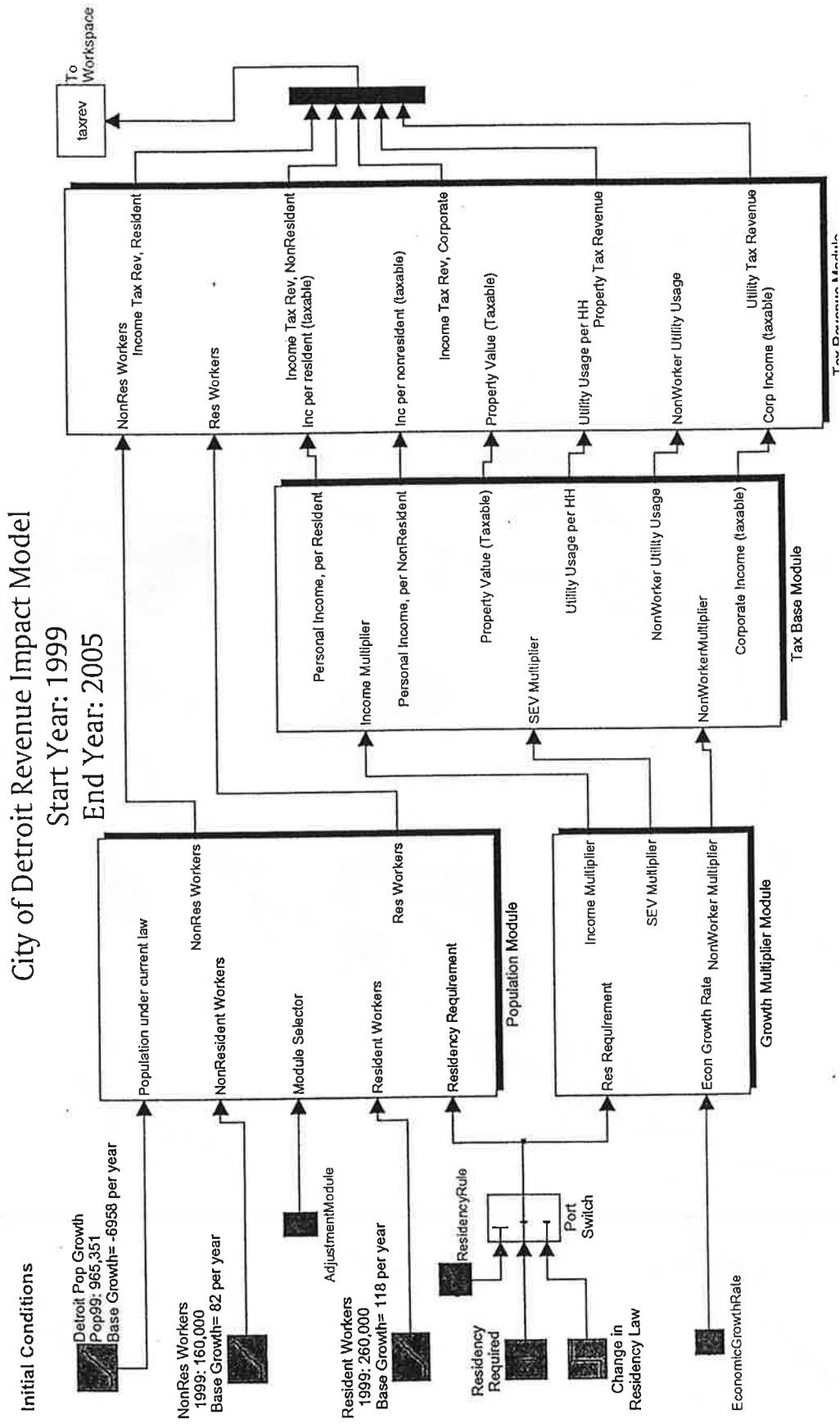


FIGURE 2. Alachua County Household Density (2000).

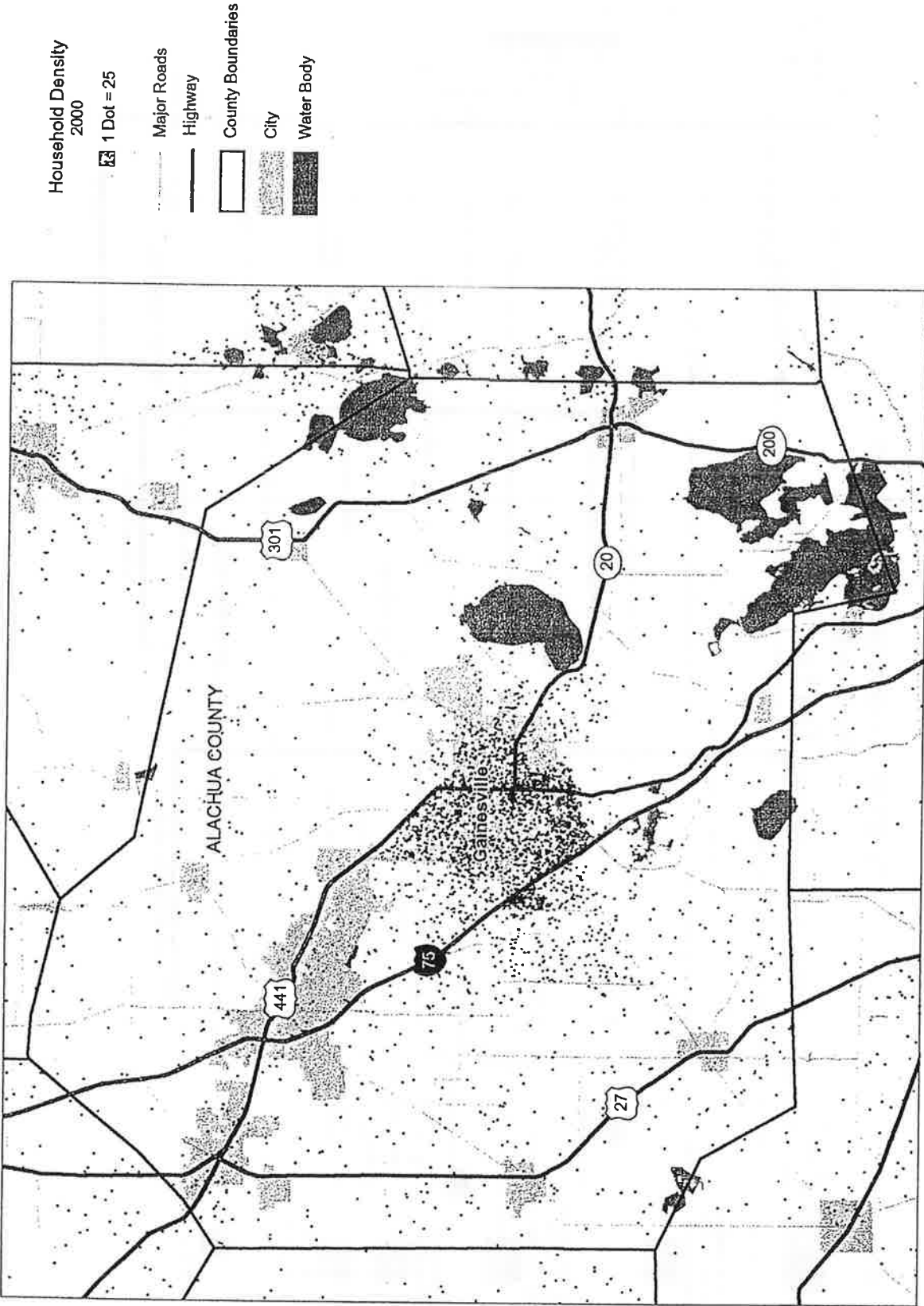


FIGURE 3. Gainesville Household Income (2000) and Projected Population Growth (2000-2005)

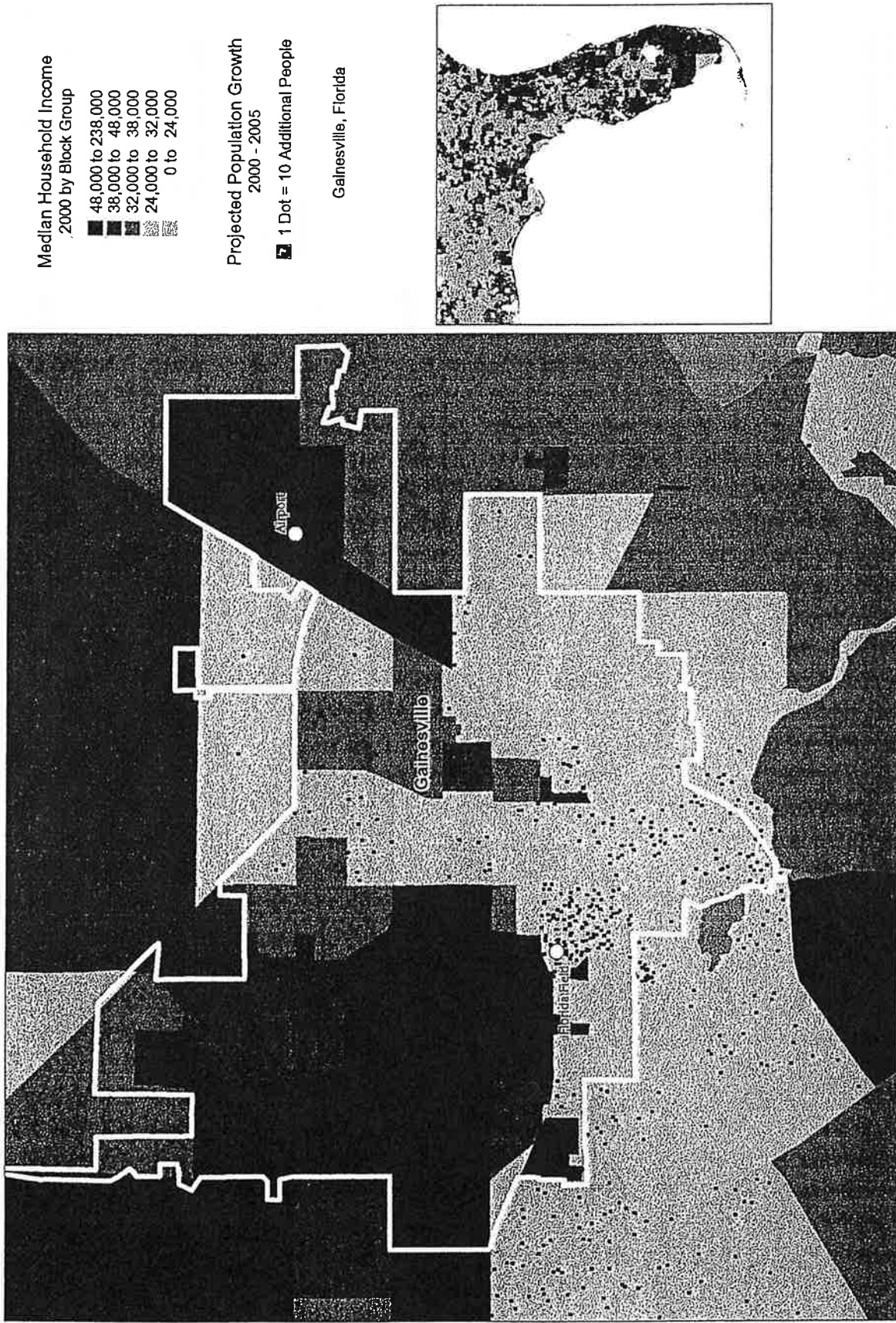
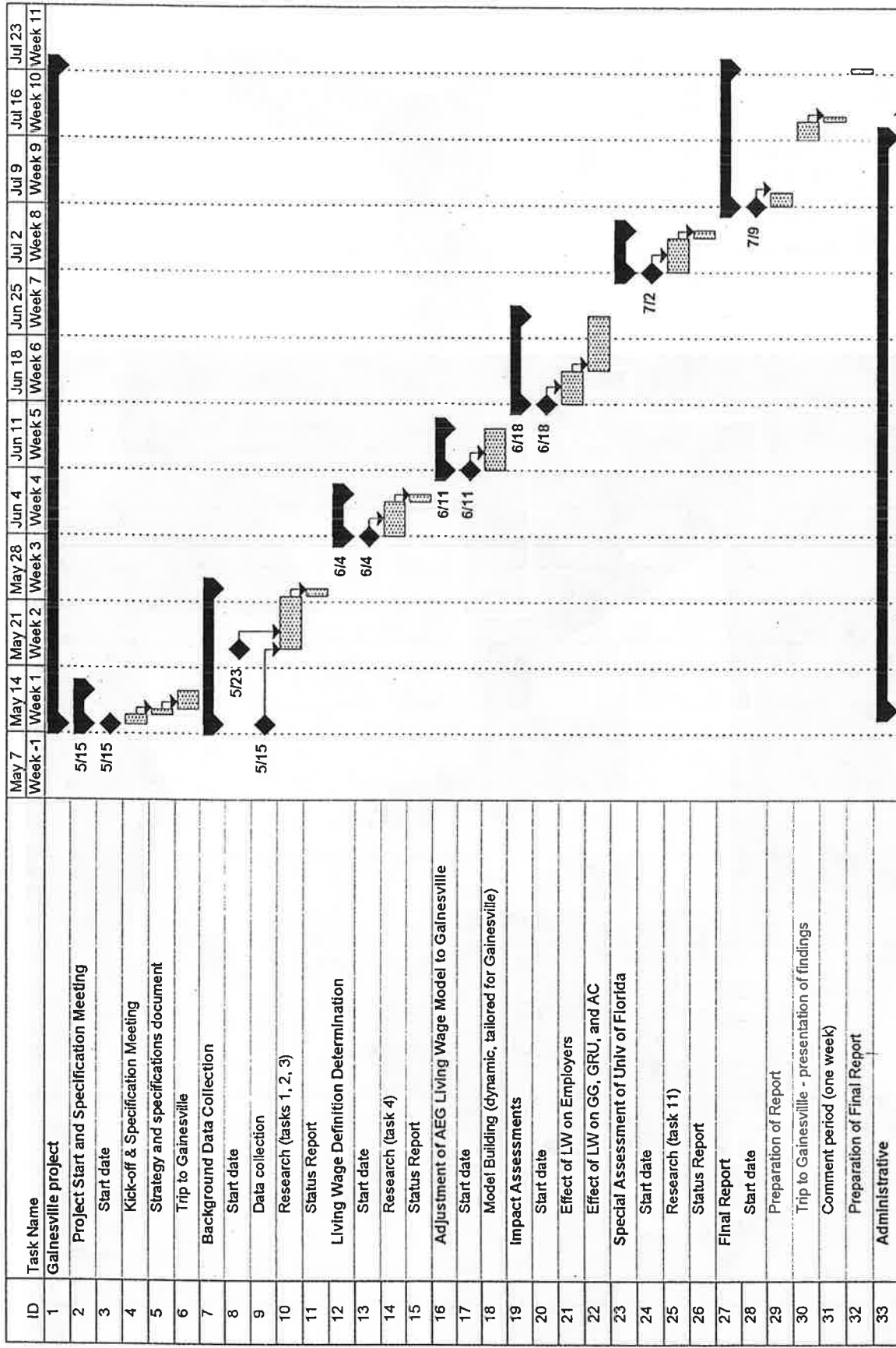


FIGURE 4. City of Gainesville Living Wage Study Project Time-Line.



CITY OF GAINESVILLE, FLORIDA

ADDENDUM NO. 1

Date: March 21, 2001

RFP Date: March 30, 2001
3:00 P.M. (Local Time)

RFP Name: RFP for Impact of Living
Wage Study

RFP No.: 010218-HRDX-RW

NOTE: This Addendum has been issued only to all holders of record of the Specifications.

The original Specifications remain in full force and effect except as revised by the following changes which shall take precedence over anything to the contrary:

- Q.1. In Section II. C. task 2 are you expecting an empirical study to be done on Gainesville, or use of the government's official poverty level, or use of various studies done elsewhere?
- A.1. We are leaving the methodology of obtaining a Living Wage rate to the proposers. Our expectation is that whatever methodology is used that it will support whatever rate the proposer recommends. Obviously the least costly alternative for arriving at a credible rate, the more competitive the proposal.
- Q.2. In Section II. C. task 5, will the City, Utility, and County be providing payroll data and what form will it take?
- A.2. We have the ability to download payroll data into an Excel or Access spreadsheet which would allow the consultant to manipulate it as necessary. We will supply as much raw data as the selected proposer needs that is within our ability to furnish.
- Q.3. Can you supply the researcher with a list of all minority or small business service and construction contracts? Also a list of contracts with non-minority or local businesses providing services or construction? Can these be identified with SIC Codes?
- A.3. We can provide the researcher with as much raw data as they require that is within our ability to furnish. Government utilizes NIGP commodity codes rather than SIC codes. The listing of all contracts could be marked up to indicate whether a particular vendor is a minority or local business vendor. The number of contracts changes over time as some contracts are let on a yearly basis while others are for a specific project.
- Q.4. In Section II. C. tasks 8 and 9 do you want a discussion of poverty alleviation effects and a similar discussion of alternatives?

STATE OF MICHIGAN



JOHN ENGLER, Governor

STATE BUDGET OFFICE

P.O. BOX 30026, LANSING, MICHIGAN 48909

MARY A. LANNOYE, State Budget Director

February 1, 2000

BBK Ltd.
300 Galleria Officentre Ste 103
Southfield, MI 48034

Attn: Patrick Anderson

Dear Mr. Anderson,

We are writing to confirm that you have been registered as a State of Michigan vendor since March 7, 1998. Our records show that you are a Michigan corporation. The records also indicate that you have registered as a small minority (Asian) owned consulting business, and that your services are available for all Michigan counties.

If you have any questions, please call me at 517-335-7269.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Dettling III".

Edward F. Dettling III, CPA, CISA, CGFM
Manager, Vendor File Section
Office of Financial Management
Department of Management and Budget

A.4. We are interested in knowing how, or if, the poverty level in other communities who have enacted a Living Wage Ordinance has been reduced or affected. Where Living Wage Ordinances were not enacted did the community employ any other methods for improving the wage rate opportunity, such as vocational training, tuition reimbursement, pay for classroom time, or other alternatives?

Q.5. In Section II. C. task 11 is rather a different type of task than the others. Can you be more specific about what you are looking for and why this task is here?

A.5. If the University student population did not exist in our community what effect would this have on the factors that need to be considered in arriving at a credible Living Wage rate?

ACKNOWLEDGMENT: Each Proposer shall acknowledge receipt of this Addendum No. 1 by his or her signature below, and shall attach a copy of this Addendum to its proposal.

CERTIFICATION BY PROPOSER

The undersigned acknowledges receipt of this Addendum No. 1 and the Proposal submitted is in accordance with information, instructions, and stipulations set forth herein.

PROPOSER: ACE division of ABK, Ltd.
BY: Patricia L. Chen
DATE: 29 March 2001

DRUG-FREE WORKPLACE FORM

The undersigned vendor in accordance with Florida Statute 287.087 hereby certifies that

ACU division of B&K, Ltd. does:
(Name of Business)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for the drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm or independent contractor complies fully with the above requirements.


Bidder's Signature

29 Mar 2001
Date