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PENNSYLVANIA ADVISORY COMMITTEE

to the

U.S. COMMISSION ON CIVIL RIGHTS

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FORUM

Thursday, January 14, 1999
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Franklin Room
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Meet.
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M O R N I N G S E S S I O N

(9:30 A.M.)

MS. SHAPIRO: Good morning.

On behalf of the Pennsylvania Advisory Committee to the U.S. Commission on Civil Rights, I am welcome state and local government officials, business owners, community leaders and the public to today's forum.

I am Sieglinde Shapiro, chairperson of the Advisory Committee.

This forum deals with barriers that adversely minority and women owned businesses in Pennsylvania. In a series of meetings with Affirmative Action specialists, and community organization representatives, the Advisory Committee learned that MWBE has experienced difficulties securing access to both public and private contracting opportunities. These difficulties include unequal access to business ventures, problems securing financing and bonding, majority firms dealing exclusively with well established firms, unfair denials of contract awards and discrimination by contractors and suppliers.

With recent news of possible stadium projects, and large scale construction ventures throughout the state, full inclusion of minority and

1 women owned business is again at issue. The Committee
2 is concerned, that as these projects are planned,
3 barriers may further stifle participation of minority
4 and women owned business enterprises in the
5 marketplace.

6 Today's forum will shed light on these
7 problems. Highlight success ventures, utilizing a high
8 number of these firms and provide solutions that can
9 increase contracting opportunities for MWBEs. The
10 information we receive will be included in our future
11 report to the Commission. Upon request, we can make a
12 transcript of these proceedings available in two months
13 after participants review their remarks for accuracy.

14 Before we begin, I wish to briefly describe
15 this committee and its relation to the Commission.

16 The U.S. Commission on Civil Rights is an
17 independent background investigation-partism fact
18 finding agency within the Executive branch. The
19 Commission has established advisory committees in each
20 state and the District of Columbia. Committee members
21 are appointed by the Commissioners and serve without
22 compensation.

23 The committees advise the Commission of
24 information concerning discrimination or denials of
25 equal protection of the laws or in the administration

1 of justice because of race, color, religion, sex, age,
2 handicap or nation origin. And we receive reports,
3 suggestions, and recommendations from individuals,
4 public and private organizations, and public officials
5 on civil rights matters.

6 Please feel free to take copies of the items
7 that are located on the publications table in the back.
8 These include today's agenda, copies of prior Committee
9 reports, biographical information on our committee
10 members and a catalogue of publications by the
11 Commission and other advisory committees.

12 We have set aside an open session so that
13 members of the public can make statements to the
14 committee on the record. If you would like to make
15 statements, please register your name with Marc Pentino
16 and Marc is at the end of the table here or he will be
17 in the back of the room, who is one of our staff people
18 here today. And we will do our best to include your
19 presentation later today as time permits.

20 We will keep the record open until February
21 11th for additional comments or material you would like
22 us to have. We may also contact you at a later time to
23 clarify any points that have been raised and to
24 supplement our inquiry.

25 Finally, I wish to remind you that Commission

1 regulations require that participants refrain from
2 making defamatory or derogatory comments regarding
3 particular individuals. And certainly we all know that
4 if that happens, then we need to allow equal time for
5 the person who has been mentioned and in the end, that
6 might mean that we have less time to hear from everyone
7 we want to hear from.

8 I want to mention that there are press
9 packets in the back of the room as well. We also have
10 another person from our Eastern Regional Office in the
11 back to assist, KeyTextron. And you can talk with
12 either Marc or KeyText if you need to register to
13 testify later today.

14 And with that, let me ask our members if they
15 would introduce themselves and we will begin hearing
16 from you all.

17 So why don't we start with Judy and then we
18 will move on through the introduction. Thank you.

19 MS. HIRSCH: My name is Judy Hirsch. My
20 background is in affirmative action. I am presently
21 employed with SEPTA as the affirmative action officer.
22 I have been on the Commission for a little over a year.

23 MS. TARR: I am Connie Tarr. I am, on the
24 Commission a little over a year as well. I am also
25 vice chair of the Governor's Committee on Employment of

1 People with Disabilities and with the Universal
2 Accessibility Design for it.

3 MS. SHAPIRO: I am Sieglinde Shapiro. I have
4 been a member of this advisory committee since 1982.
5 And my background is in disability rights and policies.
6 And I teach at Temple University.

7 MR. FISHER: My name is Joseph Fisher. I am
8 an officer, a vice president of UNITE, which is the
9 Union of Needle Trades, Industrial And Textile
10 employees and Apparel and Textile Union. I am from
11 Philadelphia and I have been serving on this committee
12 for 20 years.

13 MR. FRAZIER: I am Jim Frazier. President of
14 Frazier Associates, a private consulting corporation.
15 I was 30 years with the Urban League of Pittsburgh as
16 director of Housing. I have been on the Commission for
17 15 years.

18 DR. WOODS: My name is Jean Woods. I am a
19 professor at Temple University. My interest is in
20 health care issues of the unserved and access to health
21 care and health care reform. I have been on the
22 Commission for one year.

23 MR. JORDAN: My name is Oliver Jordan. I am
24 currently the Affirmative Action Training manager at
25 the Pennsylvania Convention Center, formerly the

1 Director of the Mayor's Commission on People with
2 Disabilities. And I have been on the Commission for a
3 year.

4 MS. SHAPIRO: Okay. Thank you everybody.

5 At this time I would like to introduce
6 Commissioner Russell G. Redenbaugh, who is one of the
7 members of the U.S. Commission on Civil Rights. We
8 would like to welcome you. We are so happy that you
9 could join us today. And I know that you have some
10 welcoming remarks that you would like to make.

11 COMMISSIONER REDENBAUGH: There are eight
12 commissioners on the Commission, so I am an eighth of
13 the problem. As it happens I live in Philadelphia, and
14 so, welcome to Philadelphia.

15 And I commend the work that you are
16 undertaking here. The problem, one of the problems
17 that we have in the Commission, as many places, you may
18 have this in your own organization, is not enough
19 money. As we able to get more money, we want to make
20 more of it available for the work that the State
21 Advisory committees are doing. It is very important
22 the work you are doing here today. And I commend you
23 all for that.

24 This is an unusual moment in civil rights.
25 This is a moment in which there is a great prosperity

1 in the country, great opportunity. Just in the last
2 15, 16 years there has been a tripling in the financial
3 wealth of the country. And yet, so many groups, so
4 many minority groups have been left out of this
5 prosperity. Haven't participated. Or at least haven't
6 participated sufficiently. Well, that obviously the
7 focus of this forum.

8 The frontier for civil rights is changing
9 from securing rights to securing economic opportunity.
10 This has been my purpose in being on the Civil Rights
11 Commission, is to reduce barriers and increase
12 opportunity and increase prosperity. So, I am very
13 sympathetic to the theme of your Forum today. And I
14 thank you again for being here.

15 MS. SHAPIRO: Thank you, Commissioner
16 Redenbaugh.

17 We are going to be joined this morning by the
18 Honorable Edward G. Rendell who is Mayor of
19 Philadelphia, who hopefully will be arriving shortly.
20 And we are also very pleased and honored to have
21 Representative Andrew J. Carn, from the Pennsylvania
22 House of Representatives. Both of these individuals
23 will be providing some opening remarks for us. And we
24 would like to begin with Representative Carn.

25 REPRESENTATIVE CARN: Thank you.

1 First, I, too, would like to welcome you and
2 thank you for coming to Philadelphia and having what I
3 consider to be a very important forum on the subject of
4 economic opportunities for minorities and those who
5 have been left out of the system.

6 Presently, I am in the midst of a lot debate,
7 discussion over the issue of stadiums in Pennsylvania.
8 I just left a meeting with some labor leaders and
9 because they are concerned about my proposal to have
10 some of the work non union. My whole goal is to make
11 sure that people have access to work. And I am always
12 willing to negotiate.

13 But, one of the things that I like to say to
14 this Advisory Committee as you deliberate and listen to
15 the presenters and the panel presenters, is that there
16 is a connection between civil rights and the economics
17 of our economic and political structure that we live
18 under. And as a politician, it is clear to me as we
19 appropriate hundreds and millions of dollars, that if
20 we do not as public officials command or demand civil
21 rights as part of appropriating money, again, we tend
22 to fall short from what I have observed after the
23 projects are done. You know, it is always after the
24 projects are done, that everyone complains that we
25 weren't included. They weren't included from the

1 moment the project was conceived. And to me that is
2 where we have to start including people. Not worrying
3 about some quoters, but how do you include people from
4 the beginning of a concept. If they want to build, and
5 this is what I have been saying on the issue of
6 stadiums here, if you want, if these business people
7 want public money and they want hundred of millions of
8 our public dollars here, then they should bring the
9 public to the table from the beginning.

10 There should be some means or some process
11 for that to happen. And I just want to encourage your
12 thinking on this perception. I am headed from here now
13 to New York, because again, while we are talking about
14 contractors, minorities, and women being denied access
15 to these projects, our problem is we are not at the
16 table when they are being conceived. And presently we
17 are working to formulate capital, because it is clear
18 to me that if I want to create jobs and economic
19 opportunities for the people that I represent, it is
20 clear to me now that I have to be at the table when
21 they are deciding who is going to get those contracts.
22 And that is where we have been falling short. And I
23 just want to put that on the table for consideration.
24 And if we can somehow make that priority, I think the
25 whole issue of who gets the work after the deal is

1 made, will be moot.

2 So, I just want to thank you again for being
3 here. There is constantly a struggle going on in
4 Philadelphia about access to contracts and work. And
5 my job is to try to include as many of us in that
6 process as possible from the position which I sit and
7 that is my goal. Again, thank you all for being here.
8 And I truly appreciate the work that you are doing.

9 MS. SHAPIRO: Thank you very much,
10 Representative Carn.

11 Okay. What we would like to do since we
12 have a very tight schedule in terms of our panels
13 today, is to proceed to Panel I. And when the Mayor
14 arrives, hopefully those presenters won't mind if we
15 interrupt and allow the Mayor to make his remarks.

16 So, with that, I would like to reintroduce
17 Dr. Jean Woods, who will be moderating this particular
18 panel, which is going to look at an overview of the
19 barriers that are encountered by MWBEs. Dr. Woods.

20 DR. WOODS: Thank you.

21 The panel members for Panel I are Clinton
22 Connor, who is Chairman of the Economic Development
23 Committee for the NAACP. And Mr. Connor, if you will
24 come to the front and have a seat. And Ms. Lynn
25 Claytor, President of Contract Compliance,

1 Incorporated. Ms. Claytor, if you would come to the
2 front.

3 Is Jim Barnes -- Is Jim Barnes of UMEA in the
4 audience. When he comes in, he will join the panel.

5 Mr. Connor, if you would begin with your
6 remarks.

7 MR. CONNOR: Yes, good morning. My name is
8 Clinton Connor and I am Chairman of the Economic
9 Development Committee of the Philadelphia Chapter of
10 the NAACP.

11 What the NAACP has found that is going on in
12 this city, as it relates to construction, at this
13 juncture, is not a lot of improvement. It almost
14 amounts to, in a real sense, economic aparte. We are
15 not in the mainstream when it comes to any or very
16 little downtown construction. We have even resorted to
17 having to shut down various projects in the city. One
18 project that we had to shutdown was a 60 million dollar
19 housing project, renovation project in South
20 Philadelphia, the Southward Homes. We found that this
21 was a 60 million dollar project. The largest project
22 of public housing renovation in the history of this
23 city. We found that the developers and the
24 contractors, which is Shumaker, O'Dell, which
25 incidently, it was an interesting thing. Shumaker,

1 O'Dell formed a joint venture, did not have to bid on
2 the project. They were awarded this contract, 60
3 million dollars, but they proceeded to sing the praises
4 of the bid process when it came down to the minority
5 contractors.

6 Also let me say something about the bid
7 process. One of the problems in this city, contractors
8 are not notified in terms of the bid process on a
9 timely basis. When we were in negotiation with
10 Southward, and Shumaker, O'Dell, we were, one of our
11 negotiating sessions took place on a Friday. The
12 subject came up, how many contracts have you let? How
13 many do you have going out in the near future? Friday
14 afternoon at quarter of 11, they informed us that they
15 had nine contracts that were to be bided on eight
16 o'clock Monday morning, which gave the contractors that
17 we were representing, almost, it was ridiculous, almost
18 no time. But, those contractors that we were
19 representing, worked throughout the entire weekend to
20 have those bids submitted to them, eight o'clock on
21 Monday morning. Needless to say, none of them were
22 chosen for any of the projects, any of the contracts.

23 But, the ownership, the ownership of that
24 Southward, of those Southward homes, was 51 percent
25 tenant owned. They wanted to go above this 20/10

1 criteria. They wanted to, they were looking at 30
2 percent in terms of what they wanted as far as minority
3 participation was concerned in construction and in
4 jobs. We could not come to an agreement on that. So,
5 we had to shut this project down for approximately
6 eight days. When it was all said and done, the
7 minority participation, I understand, wound up being 38
8 percent.

9 But, we do not, the employment in these
10 areas, even in the neighborhood projects, we are
11 getting hired. We are not getting hired. Even by, and
12 I am sad to say, some of your minority contractors, are
13 not even picking up on hiring the community people. I
14 am talking about not at the technical level, I am
15 talking about at the wheelbarrow level, where we are
16 talking about \$19.00 an hour plus benefits.

17 We are in the process now of investigating
18 the hotels that are being built in Philadelphia, where
19 public funds are being used in a lot of these projects,
20 these TIFs that they call them, these Tax Increment
21 Financing, that is being used in Philadelphia, to fund
22 various projects.

23 This problem that we are facing here, not
24 only carries over, is not just relegated to the
25 construction end of this thing, it even carries over to

1 professional services when it comes to minorities. Let
2 me give you a case in point.

3 I have, I think four hotels here that are
4 under construction at various stages of construction.
5 The first one is the Marriott Head House Project. And
6 we are talking professional services here. Now, their
7 value of their professional services contract was 1.9
8 million. The value of minority contracts awarded,
9 rather value of contracts awarded to minority
10 businesses, zero. Value of contracts awarded to women
11 businesses, \$257,000.00, which was in the form of three
12 contracts. This particular project has six and a half
13 million dollars in public funds involved.

14 We move on to the City Hall Annex Marriott
15 Courtyard project. Value of professional services
16 contracts 2.2 million. Value of contracts awarded to
17 minority businesses, zero. Value of contracts awarded
18 to women businesses, \$59,000.00, 3.6 of the percentage
19 of the contracts and in the form of one contract. Now,
20 this project is 45 percent complete. The one that I
21 alluded to in the beginning is 75 percent complete.

22 The next one we are talking about is the, I
23 am sorry, this one is, yeah, it was 75 percent
24 complete.

25 The next one we are talking about is in

1 infancy stages, is only two percent complete because
2 they had problems with their financing. They, too, are
3 using public funds. It is two million dollars in
4 professional services. Nothing to minority businesses,
5 94.5 for women businesses in the form of two contracts.

6 The OPSFS building, the Loews Hotel Project,
7 which is five percent complete, 3.4 million in
8 professional contracts. Twenty-seven thousand dollars
9 awarded to minority businesses, which is in the form of
10 one contract. Five hundred and eight five thousand
11 awarded to women businesses, which is also in the form
12 of one contract.

13 So, I cite these incidents to say that these
14 problems that we see in terms of construction, in terms
15 of professional contracts, is an ongoing problem. We
16 have some minority contractors that are doing fairly
17 well, some have allowed their names to be used, merely
18 when it is convenient for a fee. And they have not
19 necessarily any real input in the project.

20 Now, the position of the NAACP is this,
21 naturally we are coming from an African American
22 perspective and that is our greatest concern in terms
23 of this. Our position has been and continues to be,
24 the only way that we can resolve this from our
25 standpoint is any project that is using public funds

1 and does not come up to what we feel to be fair
2 standards as far as minority participation is
3 concerned, we will bring a halt to this project,
4 through the courts, we will bring a halt to this
5 project, by direct action. We can no longer have this
6 happen. We are talking about, we are facing now a huge
7 project in Philadelphia, the Disney Quest. Right now,
8 no minority participation has been put on the table.
9 We had a 485 million dollar contract that, with the
10 former Philadelphia Navy Yard, Converna Shipyard. No
11 component was built in for that right now. We are
12 almost at the point of going hand to mouth as far as
13 this contract is concerned.

14 So, from a federal standpoint, I see the only
15 solution being that any project, any project that has
16 HUD money in it, and is not in compliance, then its
17 funding will have to be withheld. That is the only way
18 to get the attention of the City, the developers, your
19 contractors. There is no other way. There is no other
20 way. But, as I said, from our perspective at the
21 NAACP, we intend to take action through the courts, and
22 take action through the streets.

23 Thank you.

24 DR. WOODS: Thank you, Mr. Connor.

25 We will hold questions until everyone has

1 presented.

2 I would like to say that in place of Mr. Jim
3 Barns, we have Jahad Ali, who will be speaking for
4 UMEA.

5 Ms. Claytor?

6 MS. CLAYTOR: Good morning and thank you for
7 the opportunity of being able to present here today.
8 And I agree with Commissioner Redenbaugh, when he talks
9 about the frontier of these programs have shifted to
10 the economic opportunity. It is known that we are at
11 the table. And what is important is when we turn
12 around and look back at a project, as Mr. Connor
13 stated, what is the participation of the people in the
14 businesses in the area that represent the minority and
15 women. It has been very obvious in the statistics he
16 provided that women have had some voice, but the
17 minority population have not had a voice. Let me give
18 you a little bit background about what I do and why I
19 have been asked to be here.

20 I am president of a company called Contract
21 Compliance, Incorporated. And we have been in business
22 for over 15 years. And presently we are overseeing
23 about eight billion dollars worth of contracts,
24 managing the minority and women business participation
25 on those contracts, mostly federally funded.

1 We have worked in the City of Philadelphia on
2 airport projects and on transit projects and in private
3 sector, less in private sector. Most of our work is
4 outside of the city. And so I bring a bit a global
5 perspective in what works and what doesn't work. And
6 the purpose of this meeting today, is to examine the
7 barriers as well as discuss solutions and identify
8 exemplary ventures that succeed.

9 My focus is going to be on the barriers and
10 some of the successes and failures. And early in the
11 program, when these programs started, and they were
12 spearheaded by the African American community, fight
13 for recognition of the need of some method to provide
14 access to economic opportunity. And that there was,
15 indeed, an incredible inequality in the distribution of
16 funds by way of contracts to the people who had
17 provided taxes, and put their money into the Government
18 through these vehicles. These programs have evolved
19 by, there are significant problems that we see as we go
20 around managing these projects.

21 And an overview is what is happening in the
22 country is Ohio has, had to set aside, their set aside
23 identified as unconstitutional and we have seen that
24 Proposition 200 for the State of Washington, has voted
25 down the inclusion of minority and women businesses in

1 state and city participation by 58 percent. And now we
2 are looking at the Glass Segal Act that is before the
3 Senate and Congress, looking at the CRAs, the Community
4 Reinvestment Acts and feeling that they have been
5 misused. And Senator Phil Gram is spearheading this,
6 who is the upcoming Banking Committee elect chair. So,
7 the challenge is of what, we are trying to accomplish
8 in creating economic opportunity on a fair basis across
9 this country, to population which is growing and we
10 need to make sure are economically empowered. It still
11 needs to be addressed.

12 Some of the positive things that are taking
13 place and as was discussed earlier by Mr. Connor, is
14 the enormous amount of funds that are coming into a
15 city like Philadelphia and how those are being used and
16 distributed. We have also 200 billion dollars in a
17 budget for Defense. And you have federal programs
18 regulating their distribution to minority and women
19 businesses. You have 200 billion dollars which will be
20 spent in the next six years by the Department of
21 Transportation, and the State of Pennsylvania will
22 receive a significant amount of these dollars.

23 What has happened, for example, with the
24 budget for the Defense, just recently the Small
25 Business, the SBA, has identified that a small

1 disadvantaged business program will be implemented.
2 And this was an article in the Enquirer of January 11,
3 1999, and I will submit that for you. Which provides
4 an economic incentive for the use of small
5 disadvantaged businesses of 10 percent for those who
6 have been certified in that area. And our firm has
7 just recently been identified as one of those firms to
8 do that certifying. In addition, if those firms live
9 in a HUD identified zone, which is economically
10 deprived, there is an additional 10 percent opportunity
11 benefit. So, a firm who is SDB certified, and lives in
12 one of these zones, you have a 20 percent advantage
13 that you bring to a contractor prime or to a service
14 prime on a Department of Defense contract in those 200
15 billion dollars worth of contract opportunities. Yes,
16 this is beyond the Philadelphia area, but yes, again,
17 it is within the Philadelphia area. So, it is just
18 information that there are things that are out there if
19 we understand how to take advantage of them.

20 The program guidelines that we function
21 within a lot, and I think that can be very beneficial
22 to what is going on in the Philadelphia area, and in
23 Pennsylvania, are based on the Adaron versus Penyon(ph)
24 the Richmond versus Crossin(ph), Supreme Court
25 decisions, which really have begun developing the

1 guiding framework for the evolving of these programs.
2 And as they have been administrated under federally
3 funded projects, DOT, we are seeing they are being
4 very, very successful. And go back to that eight
5 billion dollars that we are overseeing on projects all
6 around the country, from Puerto Rico up to Boston,
7 including New Jersey and Western Pennsylvania. We are
8 seeing a 20 to 30 percent participation of minority and
9 women businesses. And the way we manage and keep
10 identification of those opportunities, is we actually
11 identify what the ethnicity and the gender of those
12 firms that have been awarded and make sure that that
13 participation is in proportion to the population of the
14 businesses of that area.

15 In Philadelphia, for example, that
16 participation population needs to be significant in the
17 minority, African American area. In addition, the
18 availability and disparity are the two guidelines that
19 can be used, using the court structure in establishing
20 what goals, participation should be taking place, for
21 example, on the Converna, on the Disney Quest, on the
22 PSFS project. And I think that the problem in
23 Philadelphia is that there is an enormous lack of
24 implementation between when that project is identified,
25 working with so a PIDC, who really is the economic

1 engine in this city, if there is a committee, if there
2 is an organization. If there is something that sits
3 down and says, okay, based on what the court system
4 identifies is a reasonable participation, set those
5 goals and implement them. The participation that we
6 are seeing on the federally funded DOT projects now is
7 20 to 30 percent. We are looking at over a billion
8 dollars that we are presently administering going to
9 the minority and women business.

10 And on the rail works project that we worked
11 on with SEPTA, we saw over 50 percent of the workers on
12 that project and that was a union project, were
13 minority. And there was for the first time a
14 significant increase from what was normally less than
15 one percent up to almost six percent women workers.
16 And those women workers, many of them came from North
17 Philadelphia, they were union based. And they were not
18 all Caucasian women, many were minority women. And so,
19 it was a very successful project and we saw good
20 results.

21 I will go quickly through some of the other
22 thoughts. The local barriers that we see are how to
23 get the information, how to use the information and how
24 to turn it into contracts? And it is very obvious from
25 what Mr. Connor said, that that information is not

1 being disseminated in the city in an effective way. We
2 have developed some tools on the project that we have
3 worked on around the country, and these, and this
4 information gets out in a very fast way, by fax,
5 E-mail, or letters insufficient in any, at this point.
6 And as the results with that dissemination of
7 information, you get education of those contractors in
8 preparation for them. It obviously that something, an
9 organization like the NAACP and United Minority
10 Enterprise Association, have the understanding of what
11 resources are in the city to help their firms to grow,
12 but if they don't know what the opportunities are, they
13 can't get there.

14 So, I think that the, that there is sort of a
15 privileged access to information still and it is not,
16 the systems are not in place to distribute this
17 information. They are working on other programs. And
18 I think that to borrow the successes and apply them
19 here might be a very interesting process. At the
20 airport and on our transit projects, it is working in
21 the city. And the statistics can prove that out.

22 For a project to be successful, I am
23 repeating myself, current information is important.
24 You need to be proactive. And you need to have the
25 statistics of what is taking place on that project on a

1 month to month basis. So, you sit down with the
2 contractors when you are working with them, "This is
3 what you said you would do, this is where you are.
4 What are you going to do next month to make sure you
5 are there, not only with the hiring but also with the
6 sub contractors that you are with? And where are you
7 on statistics?" And it takes someone to, it takes a
8 dedicated commitment by somebody up there to make sure
9 that names are taken, figures are taken, and the
10 tracking of that information goes forward. So, these
11 are solutions.

12 When we have worked on these projects and I
13 can only go from personal experience, we have seen, for
14 example, a project where there was new for minority and
15 women businesses to be on it with a heavy transit
16 project. We expanded a database for minority firms and
17 women owned firms from something like a 120 to 650.
18 Well, that is a lot of information going out there. It
19 means that there are firms that are out there who
20 interested, who are capable. We had as many as 120
21 firms responding to four major contracts. We had those
22 firms, who were participating, it strengthened their
23 relationship with the primes that they wanted to market
24 to. It expanded their knowledge of the field and
25 increased their ability to take that information and

1 come back again and win contracts. And it resulted in
2 growth of those firms.

3 In the construction area, the information
4 must be available. Technical assistance must be
5 available if there, but how to get to it. Some cities,
6 some department of transportations have implemented
7 technical assistance programs. Up in New York, DOT,
8 where we are working on a project, where we are doing
9 evaluation of a construction and service room areas of
10 capability, where their problems are, and what they
11 need to do to resolve it. And then New York DOT then
12 provides the money for some of these solutions.

13 And in New Jersey DOT, there is a
14 prequalification program, where if a firm doesn't have
15 their financial resources, their financial systems in
16 place, so they know how and what sort of a profit they
17 are making, there are funds there in order to assist
18 those firms to get those strengths. And so, the result
19 is that there are firms who are beginning to
20 participate. They are using a bulletin board program
21 at that state. And the bidding has gone from maybe
22 just five firms responding to it, to about 40 firms
23 responding to it at a time. And those firms, a
24 significant number of them are minority And we are
25 seeing enormous growth of the firms.

1 In Pittsburgh, there are loans that have been
2 developed on contract invoicing, which enables the flow
3 of capital to those firms while they are beginning to
4 grow and that is essential. In Philadelphia, Surety
5 Bonding Program was started with Signet, which enabled
6 and it is minority run, by a company for small and
7 minority women owned businesses and we have seen
8 significant bonding being placed then. In New York
9 DOT, we are seeing the Managed Growth Programs.

10 In the future, what I see happening is that
11 these programs will and if it is done properly in
12 Philadelphia, even in these private sector projects,
13 you will look at narrowly tailoring opportunities. For
14 example, if the projects are significantly going, if
15 the opportunities are significantly going to women
16 owned firms, then they ought to carve opportunities for
17 the minority owned firms and give them first
18 opportunity right there. But, the information has be
19 disseminated to them. They have to have an opportunity
20 to present their information and to have a selection.
21 The biggest challenge I see in these programs, in the
22 future, and looking down, is the fact that the Internet
23 is going to control a lot of the information. The
24 Internet is going to control a lot of the information
25 and we have got to educate the firms on the Internet

1 and how to submit bids, get data, and publicize their
2 companies. Thank you.

3 MS. SHAPIRO: Thank you very much. He was in
4 the doorway and now he is not. So, okay.

5 MR. ALI: Good morning.

6 DR. WOODS: Mr. Ali, we might interrupt you
7 when the Mayor walks in the door.

8 MS. SHAPIRO: Yes.

9 MR. ALI: Sure.

10 DR. WOODS: Sorry about that.

11 Okay. If you would.

12 MR. ALI: My name is Jahad Ali and I am from
13 the United Minority Enterprise Associates. I would
14 like to thank the Panel on behalf of our association
15 for inviting us and giving us this opportunity to speak
16 in front of the Panel and to address what we believe is
17 some of the barriers to minorities, particularly
18 African American men and African American women from
19 participating in economic development that is taking
20 place in the City of Philadelphia.

21 Initially when we first got word that the
22 Panel was going to come, we fought to be on one panel,
23 which we looked forward to being on which was Panel
24 Number III, which was --

25 MS. SHAPIRO: That is okay. Go ahead, and we

1 will let you know.

2 MR. ALI: Which was the union representatives.
3 We wanted to actually be on the panel with them,
4 because when you look at construction in the City of
5 Philadelphia from our perspective, there seems to be
6 that the problem lies not so much in rules and
7 regulations, but in the enforcement of all the rules
8 and regulations that have existed prior, for years,
9 actually as far as back as 1968. And when you look at,
10 in terms of construction that we follow in
11 Philadelphia, we like to follow the Federal, federally,
12 either sponsored construction in the City, which is HUD
13 funding and some funding in form of Section 108 loan
14 grants that extended to projects.

15 Some of the recent projects we have been
16 following have been the Bartrum(ph) Project, which they
17 are also called the Tax Increment Finance projects,
18 which are TIF projects. And the TIF projects are the
19 Bartrum Village, which is 29 million, Franklin Plaza,
20 30 million, PSFS, 105 million, City Annex, 64 million,
21 Reading Terminal, 58 million, Penns Landing, 174
22 million, Cecil B. Moore Avenue, 6 million, Philadelphia
23 Naval Business Center, 1 billion, 100 million, Pavilion
24 Market East, which is also slash Disney, 167 million,
25 Berry Park, 15 million, West Philly Retail, 15 million,

1. St. James Court, 62 million, Convention Center Garage,
2 29 million and Jump Street, 48 million, for a grand
3 total of roughly close to two billion dollars.

4 MS. SHAPIRO: If I might interrupt at this
5 point.

6 MR. ALI: Sure.

7 MS. SHAPIRO: Thank you very much, Mr. Ali.

8 That is an interesting list and I appreciate
9 you bringing that with you.

10 We would like to take this time to introduce
11 the Honorable Ed Rendell, Mayor of the City of
12 Philadelphia, who is going to present a few welcoming
13 and other remarks.

14 MAYOR RENDELL: Thank you. We are in the
15 middle of a Council session, our first session of the
16 year and it is very likely I have to veto a pension
17 bill. I have been talking to some of the Council
18 people about sustaining the veto, so I am a little
19 late. I wanted to start off and I didn't mean to
20 interrupt Mr. Ali. I wanted to start off and apologize
21 for being late and apologize for interrupting.

22 I just wanted to welcome all of you. I think
23 that this is a very, very important effort. I think
24 President Clinton deserves a tremendous amount of
25 praise for trying to focus national attention on the

1 issue of how race affects virtually everything we do,
2 our education system, the work place, to literally
3 every fabric in our society. However, I think it fair
4 to say that in most -- we made some progress, but it is
5 also fair to say that there is an awful lot of work to
6 be done. So I want to thank the Commission, thank
7 Pennsylvania Advisory Council for their work. I know
8 Joe Fisher is -- and he has been aware of the progress
9 we have made. But, I don't want to stand here and tell
10 you that that progress needs -- we have done everything
11 right, we haven't. I was interested in listening to
12 Mr. Ali's list because obviously we were responsible
13 for almost all those building projects. We are very,
14 very proud of the best convention center in the United
15 States of America, which is our convention center and
16 that is not just my assessment. It is pretty much
17 universal. Was the building at the time built from the
18 highest level of minority participation in the work
19 force and the subcontractors of any public works
20 building in the country.

21 Subsequently, we built the First Union
22 Center, pursuant to the same guidelines and agreement
23 that we did with the Pennsylvania Convention Center.
24 It was built with a heavy participation of minority
25 workers and subcontractors. It also was considered to

1 be the best building in the country of its sort, of
2 indoor sports center.

3 We have done a lot of other projects, since I
4 have been mayor. The dollars that the minority
5 businesses have made, thanks to Jim Roundtree, who is
6 in the back, who oversees our efforts, have gone up
7 substantially each year. And that is, even in place of
8 the Richmond decision, after the Richmond decision --
9 strongly as we could. And the Executive order has been
10 implemented and fairly successfully. Not as
11 successfully as everybody would like, but under the
12 circumstances, fairly successful. You will hear more
13 about that from Jim and from others.

14 But, in any event, welcome to all you.
15 Whatever the discussion is, it will certain move and go
16 forward. And the best to the Commission and
17 Pennsylvania Advisory Council as well.

18 So, have a good day and it is not doing
19 anything outside, so you will get home okay.

20 MS. SHAPIRO: Thank you.

21 (Applause.)

22 DR. WOODS: Sorry, Mr. Ali, would you
23 continue.

24 MR. ALI: Sure.

25 DR. WOODS: Would you, do you want him to

1 repeat that list?

2 MS. SHAPIRO: I don't think it is necessary.

3 DR. WOODS: Okay.

4 MR. ALI: I think we ought to give the Mayor
5 his respect for being able to turn the City around in
6 the fashion that he has. I think all the projects that
7 I have mentioned are significant and beautiful
8 projects. And they certainly enhance the image of the
9 City of Philadelphia.

10 The problem is not so much the projects, it
11 is with the beneficiaries of the economic dollars that
12 are being spent. I am sure that the Mayor has every
13 intention to make sure that those dollars ripple back
14 to the disadvantaged social and economic disadvantaged
15 people. The problem happens somewhere between his wish
16 and reality. And it appears to me, in my opinion, that
17 the problem is really because of a lot of directors
18 that have the responsibility to ensure that this is
19 happening. Because if we look, we know that we have
20 the rules and regulations already in place. We know
21 that as a fact. We know that we have the Presidential
22 Executive Order 11246 and all its accompanying
23 regulations. We have Executive Order 4160.60 to 250.60
24 to 271, all those regulations. We have the Vietnam
25 Readjustment Act of 1973. We have the Community

1 Development Black Grant and is accompanying
2 regulations, Section III of the Civil Rights Act of
3 1968. And we also have what the Mayor said, his
4 Executive Order. But, what is significant of all those
5 other orders, they actually have sanctions imposed,
6 attached to them. In regards to the Mayor's Executive
7 Order, it just has a wish, just a mayoral wish.

8 But, we look at the enforcement, most of the
9 enforcement is done, is not being. Actually what
10 happens is there is just a blatant disregard for all
11 the rules and regulations that people are signatory to.
12 And that happens in this manner. When each of one of
13 those major projects were let, when a contractor was
14 selected, the contractor agreed to, the developer
15 actually, to back up a minute, agreed to abide by the
16 loan commitments that he has.

17 If we look at just maybe from the list of
18 the, if we look at the Converna project, Philadelphia
19 Naval business Center, that has 459 million dollars,
20 actual numbers, \$459,500,00 in different loans and
21 guarantees given to the Converna. If we look at the 40
22 million, which was a HUD 108 direct advance to
23 Converna, 30 million of that was a direct grant to
24 Converna with 10 million accompanying as a loan. When
25 we look at how Converna complied with the rules and

1 regulations of the 108 loan, we find no compliance. In
2 actuality, what happened our organization, through a
3 series of protest meetings starting with the city
4 controller, petition him to investigate, because we
5 believe that from our membership and other business
6 owners who we have spoken to, the Converna was
7 discriminating or practicing discriminatory practices
8 toward business owners in the City of Philadelphia.
9 So, we asked for a series of hearings. We were heard
10 by Councilwoman Mary Taskco, and she convened a public
11 hearing. We had three public hearings. The first one
12 was October 27th and we had Converna in. Some of the
13 highlights that we pointed out was non compliance with
14 existing rules and regulations.

15 And I would like to just focus on a minute,
16 that the rules and the regulations that I am speaking
17 of today, are race neutral. As the Mayor just stated a
18 minute ago, Grossin was thrown out, then it was a
19 series of other decisions that were thrown out. By
20 race neutral, we mean that the beneficiaries should be
21 people who are socially and economically disadvantaged.
22 And whatever the surrounding community is, then they
23 should be the direct beneficiaries. If the surrounding
24 area, whatever the government entities define it as, if
25 that the City of Philadelphia, whatever project, in the

1 City Philadelphia, they have modified it to be the zip
2 codes surrounding wherever the initial project is and
3 then the adjoining zip codes. If they are black
4 people, then praise be to God. If they are not, praise
5 be to God, they are the beneficiaries, too. But, what
6 happens is when this money is being let, the entities,
7 they just totally ignore it. In Converna's, deal,
8 Converna had, he hadn't complied with the Mayor's
9 Executive Order, I am sorry, the Presidential Executive
10 Order on disabled people. That was not in the rules
11 and regulations. And by the rules and regulations, my
12 attorney friend often told me, if you want to play in
13 the game, you have to have the rules and regulations
14 and know how to play the game. Well, by that I mean,
15 the contract documents.

16 In the Converna deal, they have a document
17 that is called the Master Agreement, which is really
18 the signatory between the City of Philadelphia, our
19 Chief Executive Officer, the Mayor, PIDC and Converna.
20 In those documents, they clearly list what all the
21 requirements are. There was no Section III
22 requirement. If you are getting 40 million dollars
23 from HUD, you can believe that should have been in
24 there. The Section III clause should have been in
25 there. Vietnam Veterans, not even in there. The

1 Presidential Executive Order 11246 is in there. So,
2 when I actually made a meeting and I spoke with one of
3 the fellows that actually was the responsible party at
4 HUD, for the one way loan, asked him whether rules and
5 regulations were applicable, and he showed me that they
6 were, the fact that nobody picked up on it, he couldn't
7 say why. But, here we have 40 million dollars with
8 some very strong language in it, to benefit socially
9 and economically disadvantaged people and nobody, and
10 nobody is minding the store.

11 In regards to the hearing, what happened was,
12 at the first hearing, when I actually testified along
13 other members of our association, and I just said what
14 I said to you. At the subsequent hearing on November
15 16th, they showed up, they had all kinds of plans in
16 place for, to comply with those rules and regulations.

17 And one of the most significant things that
18 said, was that they had an agreement with the
19 Philadelphia Housing Authority. And those of you who
20 might not know, well, their housing authority, like
21 other housing authorities across the nation, and their
22 residents really as a category of people who should
23 benefit by the rules and regulations, their residents
24 should be beneficial to that deal.

25 But, that Master Agreement, particularly,

1 only really targets the construction phase of that
2 development, should Converna be successful and build
3 100 ships from now, they are only on the hook for the
4 first three ships. And of the first three ships, there
5 is no participation for post construction, when you
6 look in terms of jobs, actual, when these tradespeople
7 are going to relearn this Converna way, and build these
8 ships. So, we really needed to focus on the
9 construction end of it. When we insisted on finding
10 out about the numbers, we were stonewalled. We were
11 given all types of excuses. They hadn't complied, this
12 and that. And when eventually when they did produce a
13 report, initially they were quoting high numbers. And
14 sometimes where bodies such as this, you can come in
15 and say anything. But, there is nobody to really
16 follow up and critique whatever you say. And it is,
17 really it is an opportunity for them to miseducate us
18 all. And that is really what has happened on the
19 Converna deal. That is why I was really interested to
20 be able to talk to them today, to see what they had to
21 say to your distinguished panel. But, they didn't show
22 up.

23 But, when you look at that Converna type
24 action, is similar to everything that has federal money
25 in it. Because when you look at participation for

1 disadvantage people and businesses, the only way that
2 we can really make it, was anything that has an
3 attachment of a federal regulation, other than that, we
4 are out the box. It is going to be business as usual.
5 And you kind of have to, kind understand their point of
6 view, because it is a business procedure to develop
7 relationship with suppliers and people that you know
8 can do a project. And as a business owner, as a
9 contractor, once you get on the job, there is no time
10 to learn. So, when everybody signs off and the job
11 starts, you have to have people who have the technical
12 expertise to get the job done. So, now your other
13 pressure is on you, your other of getting the job done.

14 So, a lot of times, they will just ignore
15 that and they say, "Well, I know Mr. Connor, I know
16 that he can perform, so I am going to give him the job.
17 I know this lady right here, I know that she can
18 perform, I am going to give her the job. Jahad Ali, I
19 don't know him. You know, I am not going to not, he
20 can say anything, I am not going to give him a shot."
21 And it is not until the Governmental people say, "Wait
22 a minute, you gave Mr. Connor a billion dollars last
23 year, you gave her 500 million, Jahad is a struggling
24 guy, give me a shot." Somebody has to make that call,
25 leadership.

1 As I say, let's extend these opportunities to
2 these guys that are trying pull their selves up from
3 their boot straps. And until that happens, it is just
4 going to be business as usual.

5 So, today what we wanted to do was address
6 some of the barriers to what we believe are businesses
7 in Philadelphia, because that is our base. One of the
8 barriers, the number one barrier is officials not
9 serious about ensuring the prime contractor treatment
10 on minority and women businesses is fair. And that is
11 really the basis of why we are here today. Because we
12 are not the first people that thought about economic
13 opportunities. Sometimes I like to look back at the
14 Congress, the 100th Congress in 1968, and say that
15 maybe that was a blessing in disguise. Maybe it was a
16 blessing in disguise that when they talked about the
17 Section III ordnance, they made it race neutral. And
18 here it is 30 years later, we had the Grossin decision,
19 that came out and said, "Well, anything based on race
20 was illegal." So, now, but this one ordnance is still
21 standing.

22 When the President had his committee to
23 reexamine all the rules and existing regulations, the
24 Section III regulations stayed in place. When HUD
25 redid their mandate with their authority for the HUD

1 authority, Section III stayed in place. All the
2 Presidential Orders stayed in place, because they are
3 race neutral, except for the 11246, which specifically
4 talks about man hours.

5 When you look at Number 2, which is primes
6 listing MBA as subcontractors to win contracts, then
7 replacing them after the contract award, are simply not
8 utilizing them on the contract. That is a blatant
9 disregard for the authorities in place and the spirit
10 of all the rules and regulations that were mandated.
11 And, in fact, what else we see is, now I have
12 enumerated to you several rules and regulations that
13 some of you may be aware of and some of you may not.
14 But, in all of them, I have never seen three initials,
15 TBD. TBD stands for to be determined. Now, when you
16 look at 11, I believe it is 11246, and 41.60, I believe
17 it is 2D, don't quote me on the number, but that
18 explicitly says that within 10 days of award of any sub
19 contract, that the contractor has to be named, the
20 dollar amount, the employer identification number and
21 the address of the contractor. So, if this is the main
22 rules and regulations that we are following, which is
23 the Federal, which supercedes everything, how come when
24 it gets down to this level, we let them go contract
25 after contract to be determined. If we would make them

1 follow the rules and regulations, put that pressure on
2 them, that will make the wheels start turning. It will
3 make things happen.

4 When I got in business, when I first started
5 my business, there was a young woman here that was in
6 charge of one of the authorities, she called me one
7 day. And said, "You know, your name has been applied
8 on the contract?" I said, "I never, I never, I never
9 heard of the company." It was a major company. As a
10 matter of fact, they are one of the people testifying
11 today. I said, "I have never heard of them." So, she
12 said, "Well, look, I am going to arrange a meeting."
13 We went up there, we met with the prime guy. He said,
14 "Of course, we called you." I said, "Prove it. Where
15 is your evidence? Give me a phone log, give me
16 something, give me the letter you sent me, anything."
17 He couldn't produce it. So, the lady said to them, "I
18 am going to stop this one million dollars until you get
19 this worked out." What do you think happened? It got
20 worked out. I was on that job in 30 days. And that
21 was my start. That was my start in commercial
22 construction. And since then, once I got the ball, we
23 never looked back. Of course, we have had problems
24 like other people, like other businesses growing, but
25 that was the thing that kicked the door open for us.

1 When you look at number three, it is hostile
2 attitudes of trade unions, MBs not utilizing union
3 workers subject to union violence, such as slashing the
4 car tires. Now, to support that, there was a case, I
5 have it in my briefcase, there was a case recently
6 decided this year, I believe it was in front of the
7 National Labor Board, it concerned the Building Trades
8 Union and some of the sheet metal people here. And
9 some of the facts of the background was that the union
10 wanted the sheet metal companies, that were on the
11 site, one of the major universities, to employ union
12 workers. They wanted them to have a vote among their
13 employees to participate in the union collective
14 bargaining agreement. Well, in that case, the union
15 did, the organization, the company, did take a vote and
16 the union lost. So, the company decided, the members
17 decided to go forward and be non union. .

18 Well, what happened then was there was a
19 series of gates that were established which is normal
20 procedure to let the non union companies work, come in.
21 There was a series of actions between several unions
22 that the labor board said was a joint agreement, which
23 sort of ended up being a joint venture among the unions
24 to boycott this company. There was picketing. It went
25 on for a period of time before the company initiated

1 the legal proceedings. And the result of the
2 proceeding was that there were, there was an unfair
3 labor practices established. The record further
4 reflects that the court was, upon appeal, the court was
5 undecided if in a fact a joint venture, relationship
6 among the unions took effect in that the Building
7 Trades union didn't control the leadership of the other
8 unions. But, the initial point that is significant, is
9 that there were unfair labor practice. And this is a
10 1998 case that I will be happy to give you for the
11 record.

12 And the problem with MBEs, and WBEs and other
13 disadvantaged people and unions, is from my point of
14 view, is that mostly every one who has a good heart,
15 you want for your fellow person, what you want for
16 yourself. So, in the terms of union, you want your
17 fellow worker to have employment, to have opportunities
18 for his children to have health and welfare and all
19 those other good things that the union brings. The
20 problem that we have in Philadelphia, is they don't
21 want us to come into the unions. And they do that by
22 they restrict youth to participating in the apprentice
23 programs. So, what do we do? If they don't let us in,
24 what are we going to do? Stand by and watch guys get
25 rich while our children fight and kill one another over

1 drugs. We allow our old men just to grow old and have
2 no skills to pass onto their youth. We can't do that.
3 We have to do everything within our means to fight, to
4 achieve the same thing for ourselves, and our children
5 as they achieve for their selves and their children.
6 So, if they are not going to let us in, then they are
7 not going to play ball. And as long as we have the
8 grandfathers of the Civil Rights struggle, like the
9 NAACP, fighting us, there is going to be problems, I
10 mean, working with us, there is going to be problems
11 for people, whether it is union or non union, if you
12 don't want us to participate.

13 So, from the union's point of view, it is
14 really just, I would say economic racism. The fact
15 that they decline to be here today, says volumes.
16 Because we are talking about a billion dollars. Now,
17 when, our daily newspaper did an interview recently
18 with Pat Klassey(ph) from the Building Trades Union, he
19 took that interview and he said, in fact, that for the
20 582 million dollars that the City was spending in
21 construction, required an input of a 2 for 1 dollar
22 ratio from the developers, which, in turn, was going to
23 make that over a billion dollars worth of investment.
24 And the unions were going to have so much construction
25 they didn't know what to do. Well, what happens when

1 we look at that same, those same numbers in terms of
2 disadvantaged and socially economic disadvantaged
3 people who are suppose to be, by rules and regulations,
4 beneficiaries of that money. We might be happy if we
5 get of the 10 projects, we might get five people who
6 are actually non signatory to the union on those jobs.
7 And if we get them, you can almost bet 9 to 1 that they
8 are going to be laborers. There will be no advancement
9 for training, no other incentives for them to do
10 anything else. And what happens is, it is really a
11 direct violation of the rules and regulations that put
12 this money here. In fact, the rules says that if you
13 are going to borrow money from HUD and form this
14 Section 108 loans, is actually under the guidelines in
15 the loan documents, that you cannot have any practices
16 in place that prohibit anyone from enjoying any
17 benefits that anybody else might enjoy. And that would
18 be the form of a union card. If I am restricted from
19 participating because I don't have a union card, then I
20 am discriminated against. And we allow these projects
21 to sail, smooth sailing, nobody, whether it is any
22 entity that has a responsibility to monitor it, nobody
23 does anything.

24 And that brings us to another interesting
25 point. Who has the responsibility to monitor it? The

1 Mayor just indicated that Mr. Roundtree had the
2 responsibility to monitor it, well, is that municipal
3 or is that federal? And we look at federal, how does
4 he have the authority to monitor federal contract when
5 it is not mandated by the Congress of the United States
6 that enacted these rules and regulations. So, there
7 seems to be something going on.

8 And when people such as ourselves, when we
9 are advocates, we pay the price. Well, we pay so many
10 prices now, it doesn't even matter. Are you following
11 me? We have been boycotted. We have been blacklisted.
12 We have been talked about, all kinds of stuff. But, it
13 doesn't take away from our skills. I still have the
14 skills, the same skills as anyone else in my trade, to
15 do the job. I can still perform. So, those people
16 that know that I have that capability, they will bring
17 me on, they will, maybe they will use Quinton Connor's
18 company to bring me on. But, they will get that job
19 done because they have the responsibility to get it
20 done.

21 Look at number four, bid shopping, slow pay,
22 short notice or non notice of bid opportunities and
23 rejection of bids, improper bidding procedures. That
24 is a host of things that I just really went over.
25 Which is the bid shopping part, is a direct violation

1 of the requirement that they be named within 10 days of
2 the award contract. And what we have is contracts
3 being completed with 50, 70, 60 percent completion and
4 to be determined still to be determined. I mean, what
5 is that?

6 We look at number five, loss of contracts due
7 to inability to obtain bonding and insurance.
8 Sometimes that is something that general contractors
9 really play with. Because the general contractor can
10 do a host of things for you. And unless we can get
11 governmental people or people with responsibility to
12 make sure that we participate, that will just be
13 another obstacle that they use.

14 We look at number six, which is NBS, WBs,
15 have a greater access to technical assistance and
16 finance assistance. Well, that is just a historical
17 thing that we have to acknowledge. Because
18 historically they just have had the opportunity, a
19 greater opportunity than we have. When we look at all
20 this thing in a historical perspective, when we look at
21 the Labor Relations Board, that is only a 30 year old
22 entity. Well, I am 43. So, that was done, are you
23 following me, within my lifetime. So, the problem
24 happens that these guys have been in business for
25 hundreds of years, and some guys are third and fourth

1 generation businesses. Well, that is an awful lot to
2 be passing on. For me to pass on to my son, my
3 relationships that I might have with any of you, if we
4 were in business, that is a great deal. There is one
5 of the major builders here, who has a sad history, and
6 his history is that his father committed suicide.
7 Well, when his father committed suicide, his other
8 business friends gave their sons a shot. And then it
9 went on that he had other friends who stepped in and
10 gave them contracts. And then he really capped off
11 because he married the granddaughter of founder of a
12 bank. And from there it was just smooth sailing.
13 Well, those are all historical things. Whether we like
14 it or not, we have to accept it.

15 Number seven is lack of capital requirements.
16 Bonding is nine. Bonding requirements.

17 And then we get to two executive orders.
18 One of the Executive Orders is the, the Mayor just
19 spoke about, which is Neighborhood Benefit Strategy,
20 which and the Project Labor Agreements, both of those
21 Executive Orders work against us. And they work
22 against us because the Project Labor Agreements, I
23 believe, the timing almost coincides with the timing of
24 the Presidential Project Labor Commitment from the
25 Department of Transportation. Under that initiative,

1 the President initially, he hasn't, as I am aware of,
2 he hasn't really signed the order to make that a fact
3 that all project labor agreements will be union only.
4 What he has done, he opened the gate for that. The
5 City took it and ran with it. And the City made a lot
6 of jobs Project Labor Agreements, which are a direct
7 violation to all the other rules and regulations that
8 we just spoke about.. And what, is significant of the
9 Presidential Project Labor Agreement authorization, it
10 says that, and this was quoted by McFarland, who is
11 assistant, I believe she is the Executive Counsel. She
12 said that as long as there weren't any other rules and
13 regulations to prohibit, then they were permissible
14 under certain condition. Number 1 being, that the
15 entity, whoever was sponsoring it, controlled the
16 facility, if they were going to be the owners of the
17 facility. We can't say that with those none of 14
18 projects that we listed.

19 So, there is a host of barriers that are
20 stopping us.

21 I want to thank you for giving me the
22 opportunity to talk. As you see it is a long history.
23 We could go on all day for this. I just hope that you,
24 whatever you recommend to the Congress, that you
25 remember some of the points that I spoke about. And

1 ultimately remember that everything that we are doing
2 today is going to affect our youth. Because if we
3 cannot give a young guy a job, then what are we giving
4 them? Nothing. And if we don't give them nothing, he
5 is going to want something for himself. If we shut
6 down for those people who don't have the academics,
7 then we give them no opportunity for the future and we
8 need to give our youth an opportunity. Thank you.

9 DR. WOODS: Thank you.

10 (Applause.)

11 DR. WOODS: I am going to ask the Committee if
12 there are, is there anyone who has questions for either
13 Mr. Connor or Mr. Ali or Ms. Claytor?

14 MR. FISHER: Yes.

15 DR. WOODS: Okay, Mr. Fisher.

16 MR. FISHER: Yes, I would like to, can
17 everyone hear me?

18 I would like to direct the question to Mr.
19 Connor. I believe you said in your presentation that
20 your experience indicated that in some cases even black
21 owned contractors are not hiring neighborhood and
22 community people. First of all, is that correct?

23 MR. CONNOR: That is correct. That is right.

24 MR. FISHER: Now, my question is, you know,
25 looking into that a little deeper, I would be

1 interested or curious, what would be the reasons in
2 your judgement that minority contractors wouldn't hire
3 neighborhood people or community people?

4 MR. CONNOR: Well, number one, they wouldn't
5 them because they would be afraid of the lack of
6 skills. As Mr. Ali alluded to, the fact that our
7 people don't have the luxury of going into a union
8 apprentice programs. So, a lot of them do not have the
9 skills. And quite frankly, I would imagine in the
10 contractor's own mind, they can't train and build at
11 the same time. So, consequently, what they are doing,
12 they are going with the experienced worker, who may not
13 be a neighborhood person, who may not even be a person
14 of color. That is something that, but still in all in
15 some instances, as Mr. Ali, once again alluded to, the
16 fact that they are not necessarily in compliance or
17 something like this does happen. This is why we have
18 to have a strong watchdog committee in this city. An
19 independent watchdog committee to determine what is
20 going on with these contracts. We, as we speak now,
21 the NAACP is negotiating and other like minded
22 organizations, is negotiating to review with developers
23 their contracts on a monthly basis, because we feel
24 that this is not being sufficiently done. This, this,
25 I don't quite frankly see how any entity can monitor

1 itself. And this is what the city is doing with, with
2 EMBED and any other organizations that you have. They
3 are attempting to monitor themselves. I don't see how
4 that can successfully be done.

5 But, to answer your question, yes, that is
6 part of the reason is that they do not necessarily want
7 to take a chance on the workers that may not have the
8 skills to deal with these projects.

9 MS. TARR: Mr. Connor, how do you see solving
10 that kind of problem, to give them the confidence in an
11 new a contractor, or a new business?

12 MR. CONNOR: I see --

13 MS. TARR: Is it bonding or anything that
14 would give them that confidence to let them --

15 MR. CONNOR: I see that being coming through
16 training. And we are talking about, naturally now we
17 are talking about the, at the job level. We must have
18 a component in this city. And Sam Statejulian(ph) is a
19 good job in terms of training. But, there has to be a
20 component to train this guy who was standing on the
21 corner, to be able to, in some type of trade, so that
22 he can be employed when these contracts, these projects
23 come into his neighborhood, rather than standing around
24 on a corner, just watching these folks work.

25 The thing that kind of struck me when we went

1 down to have our job action at the Southward Homes, we
2 saw trucks coming in almost and Mr. Ali will bear me
3 out on this, we had trucks coming in almost to a man
4 coming from New Jersey, bringing laborers, bringing the
5 contractors, themselves were from out of state, but yet
6 still we had the neighborhood people, who were merely
7 standing there and had not worked in God knows how
8 long. So, there has to be some type of strong training
9 component built in somewhere to train these people.

10 MS. TARR: And this is after, like a Voc Tech
11 kind of schooling.

12 MR. CONNOR: That is right. Yeah, yeah.
13 Because with, the emphasis, I don't know what being
14 taught in the Voc Tech schools. I don't know how much
15 contracting or what relates to contracting is being
16 taught there, but obviously these guys need a shot.
17 And some component has to be built in to give them a
18 shot.

19 MS. TARR: It sounds like a new small
20 business, to start it --

21 MR. CONNOR: Well, yeah, and essentially it
22 is. That is right.

23 MR. ALI: Can I just follow up on what you
24 just said about the Voc Tech? And just to use an
25 example, the reason, one of the other reasons why, when

1 you look at the jobs that are being let, they all
2 entail Davis Bacon wages. Well, a carpenter might
3 totally, his total package might be \$30.00 an hour.
4 Well, certainly you don't have time to train. If me
5 and Mr. Connor were 20 years younger and we were on the
6 job together, I couldn't go to the job and I work for
7 Mr. Fisher and Mr. Fisher he wants to get this job,
8 this million dollar job done as soon as possible, as
9 quickly as possible, so he can make whatever his profit
10 was built into the job. Anything less than that is
11 going to cost him. So, when we are there, he is going
12 to send me in one end of the room and Mr. Connor on the
13 other, build this wall, you have got a half a day to do
14 it. We come back, I can't, he can't be running up to
15 me asking me, well, how do you do this, how do you do
16 that. It is not going to happen. But, when you look
17 at a Voc Tech type of guy, the problem becomes, well,
18 he could come out, but when the union accept him
19 because Mr. Fisher would have to take the shot and say,
20 well, I think Mrs. Tarr, I talked to her, I think she
21 knows what she is doing, I am going to hire her. And
22 then the union has to say, okay, we are going to pick
23 her up as a journeyman, because you don't, what
24 significant is, with Davis Bacon, you have two types of
25 categories, apprentice and journeyman. Nothing

1 in-between. I would challenge any of your to show me
2 anything else Davis Bacon authorizes, pre apprentice, I
3 haven't seen it there. But, they will, those are your
4 two categories. So, if somebody is handling a tool,
5 they either have to be an apprentice or a journeyman.
6 And you don't have time to learn. And that is what is
7 significant. And where a union hurts us at, hurts
8 those of us in the African American community, is they
9 don't allow our youth to enter that.

10 One of the things that came out for the
11 Beckell Decision, was that Dr. Brenner testified that
12 that was a form of discrimination. Because if we don't
13 allow young guys to get in apprentice training in the
14 first years of their lives, 20 years later,
15 historically most people will advance through those
16 trades 20 years later and they want a part of the
17 bigger piece for themselves. So, they are going to go
18 into business. So, we stop a guy at Year 1, 20 years
19 later, we stop a business from forming. And that is
20 what really hurts us. That is why we are here today.

21 MS. SHAPIRO: I think any of us who have
22 struggled against depression, because we are
23 disadvantaged, have encountered two issues I have heard
24 all of you raise today, the problem of getting to the
25 table and the problem of enforcement. And I have heard

1 you mention this watchdog committee idea. Do any of
2 you have any additional suggestions on how we can bring
3 people to the table and how we can further enhance or,
4 you know, make enforcement happen?

5 MR. CONNOR: Well, the thing of it is, HUD can
6 bring them to the table in terms of a withholding of
7 funds. See, that is a form of enforcement also. I
8 don't know how much a follow-up HUD does on the
9 projects after the money has been, has been awarded and
10 things of that nature. I don't know. I don't know
11 what their follow up is. But, it has to be a stronger
12 follow-up. And they have to be willing to stop
13 projects, even over the objections of the Mayor, which
14 I am sure will come. That is a way of enforcement.
15 That is a way of bringing developer, contractor,
16 everybody to the table, once the money is stopped.
17 That is one of the main ways to do it.

18 MR. ALI: Can I just follow on what Mr. Connor
19 said?

20 One thing is we have to have this Advisory
21 Committee, it has to be composed of civil rights
22 organizations, with a distinguished career, a
23 background is the NAACP, and it has to have business
24 owners. It has to, it actually has to have guys who
25 are, guys and women, who have been in business, that

1 know what time it is. They know the players in the
2 field. Maybe there can be some type of restriction
3 that they can't give a formal discussion on, something
4 that or a particular project that they might be
5 included on, but what happens is we have other people
6 in the city saying, well, you can't have business
7 owners, because that is a conflict. Now, why is that
8 with business owners? But, when you look at the
9 unions, if we look at all the boards, GPUAC, which is
10 the local entity here, Greater Philadelphia Urban
11 Affairs Coalition, Pat Glaskey sits on the board. If
12 you look at some of the other boards, you find union
13 members on all the boards. Well, what is that? Well,
14 that is strategy. That is what that is, because that
15 is strategy to control. And it is the same thing as
16 fighting us, so we can get on the board. Because just
17 as all you distinguished people on that board, you have
18 the power. So, we need to be on those boards, whatever
19 is being considered, so we can at least put the
20 language in the contract documents that we want.

21 MR. JORDAN: I just have three questions.

22 Mr. Ali, your comments that you made earlier
23 about confusion regarding who is responsible for the
24 actual monitoring, whether it is the City of
25 Philadelphia, the State, elaborate a little bit more on

1 that again.

2 MR. ALI: Sure. I would like to say for the
3 record, I am not confused. I know who is suppose to
4 monitor it. But, it seems that the City is confused.
5 And they are confused that, several years ago, the
6 City, through their own intentions, they made it so
7 that OHCD, the Office of Housing Community Development,
8 was to be the funneling source for all the federal
9 dollars that came into the City. And that OHCD has the
10 full responsibility to monitor anything that has those
11 federal dollars. But, what we see happening in reality
12 is we see IMBEC, which is a fine organization. And see
13 part of the problem is there are a lot of fine
14 organizations and a lot of nice guys, and nice women in
15 charge of this stuff. But, we need to just to put that
16 aside. For the record, we acknowledge, they are all
17 nice people and they are all nice guys, and they are
18 trying to the best of their ability to make things
19 happen. But, maybe that is the problem. Maybe we
20 don't have the best players at those tables. But, what
21 happens is the City is saying, well, IMBEC is, like the
22 Converna deal, according to the records, when we went
23 to the hearing, we asked about Section III regulations
24 and Section III clause, Presidential Executive Order,
25 and Converna testified, well, if we wanted anything, we

1 had to see Roundtree, not Kevin Brooks, who was OHCD
2 When they came in and testified, OHCD said, well, we
3 are monitoring. You follow me? Then they said, well,
4 wait a minute, now we split this up again, we have
5 OHCD, we have GPUAC, Greater Philadelphia Urban Affairs
6 Coalition, and IMBEC. So, it seems to be, is that
7 strategy, is the question? Is that strategy for them
8 to manipulate things? That is the question we haven't
9 had answered yet. But, that is the confusion that I
10 spoke about.

11 DR. WOODS: We are just about out of time for
12 this panel. We have one more question from a committee
13 member. And I just want to say that there are people
14 in the audience who wanted to ask questions, you will
15 be given the time later on this afternoon for whatever
16 comments that you have.

17 MS. CLAYTOR: May I also make one response
18 after that question to Chairpersons, comments about
19 what suggestions?

20 MS. DETAMORE: Yeah, my question is whether
21 the NAACP or other organizations have made any efforts
22 to work cooperatively with some of the unions to
23 increase participation of African American and youths
24 of color, in apprentice programs and try to increase
25 participation in unions?

1 MR. CONNOR: That has been an ongoing effort
2 down through many, many, many years. Quite frankly in
3 this town, the buildings trade unions have, in essence,
4 always been closed, a closed shop to African Americans,
5 in terms of the apprenticeships, the things of that
6 nature, they are almost, they are almost willed down
7 to, within their own community, through relatives,
8 through friends, through things of that nature.

9 So, in terms of negotiations, to answer your
10 question, there have always been negotiations, but we
11 are looking at in the next two to three years, we are
12 looking at in this region, 9,000 construction jobs.
13 That is what we are looking at, 9,000. So, I dare say,
14 I don't know as it stands right now, as it stands right
15 now, very few of those construction jobs are going to
16 go to African Americans. But, as I say, as it stands
17 right now. But, that is going to be changed, that I
18 assure you.

19 MR. ALI: Can I just say, just for the record,
20 there has been some help from the union guys. When I,
21 for me personally, I know that we spoke, we have spoken
22 with Lenny Lombardio from the carpenters union, and he
23 has really appeared to give more emphasis to trying to
24 achieve what we want. And that is he willing to let
25 youth come into the apprentice programs and he is

1 willing to let our journeymen come in. And guys who
2 might be 43, they don't have time to be going to
3 apprentice school. They know what they are doing. So,
4 they are willing. But, when you look across the board,
5 the other unions aren't as willing.

6 DR. WOODS: Ms. Claytor, would you be as brief
7 as possible?

8 MS. CLAYTOR: Yes. My suggestion is that it
9 is working in some federally funded programs,
10 specifically the Department of Transportation, the
11 goals are being met. The employment participation is
12 taking place. And the monitoring and the tracking is
13 very sophisticated. And it is a management process
14 that is in place and it is effective. And so, perhaps,
15 moving that over to the quasi private sector, is an
16 option, where you set the goals, which are based on the
17 Supreme Court decisions and you implement them.

18 MS. SHAPIRO: So, we look to them for an
19 example, model.

20 MS. CLAYTOR: Yes.

21 DR. WOODS: Okay. Thank you very much, Mr.
22 Connor, Mr. Ali and Ms. Claytor. We will take all of
23 your remarks and summarize them and use them. If you
24 would like a transcript, please let us know.

25 We will now take a five minute break.

1 MS. SHAPIRO: This Panel is intended to get,
2 garner the perspectives of various minority and women
3 business owners. And our moderator for this panel will
4 be, the woman who is moving chairs, and running back to
5 her seat, Judy M. Hirsch. Judy?

6 MS. HIRSCH: Okay. The panel is for, for the
7 second panel Floyd Alston, president of Beech
8 Interplex, Inc. Mr. Alston. Grace Gibson, president,
9 Quality Heating and Sheet Metal Company. Ms. Gibson.
10 Faye Ellison-Heller, president of Philly Fast. Ms.
11 Ellison-Heller? Is she here? Darcel McGee, president,
12 Quality Mobile Hearing. Ms. McGee, okay. And
13 Marcellus Blair, president, MBA Enterprises, Inc. Ms.
14 Blair.

15 Okay. Mr. Alston, would you please begin.

16 MR. ALSTON: Good morning. My name is Floyd
17 Alston, I am president of Beech Interplex, Inc. Which
18 is a non profit community development corporation,
19 operating primarily in North Central Philadelphia.

20 My thanks first for inviting me to join you
21 today. I didn't know I was going to be sitting at a
22 table, in a hot seat like this. I wasn't prepared for
23 this format, but I am sure you are kind people.

24 MS. SHAPIRO: It is less hot here than it is
25 in the Senate right now.

1 MR. ALSTON: Touche.

2 As I understand it, you are, you want to hear
3 from us some issues, our perspective on obstacles with
4 regards to minority and women businesses as well as
5 employment opportunity. Am I on the right track?

6 Okay.

7 Well, our experience and I can speak only
8 from that, as a non profit, is perhaps a little
9 different from some of the profit making private
10 businesses. But, we do have issues that we have to
11 deal with on a daily basis, when you speak of
12 opportunities for business in the non profit sector.
13 We have, we deal with, and by the way we are a self
14 sufficient non profit. We are not a non profit that
15 spends most of the time, its time seeking grants
16 because we maintain that that era is about over and you
17 can survive on seeking grants and foundations and other
18 agencies. We have to be a business entity. And so,
19 therefore, we are, we support ourselves with fees for
20 services, project income, various kinds of project
21 incomes. So, we run more like a profit making
22 business, even though we are a non profit in structure
23 and legal structure.

24 So, from that standpoint, we deal in some
25 construction, renovation of housing, rehabilitation of

1 housing and we deal with contractors fairly frequently.
2 One of the major problems we run into, that we, frankly
3 we have not found a solution, is that of the obvious
4 conflict between hiring community people for the
5 various projects that we develop or manage, and hiring
6 union people. We, our mandate is to hire community
7 people for any project in which we have, in which, any
8 project which the community is located. And we do that
9 we think pretty well, because we get to know the
10 community profile. We get to know people in the
11 community and we hire as many as we can on any project.
12 And that is part of the mandate we pass onto the
13 general contractor.

14 But, we find that we run into a conflict with
15 the requirement to hire union people. Now we might
16 have, we might have the opportunity to hire 40, 50, or
17 60 persons, but it is obvious that most of the jobs
18 that are available for community people are the entry
19 jobs like laborer and jobs of that kind, not the high
20 skilled jobs. And so, therefore, we may end up with
21 about a half dozen job opportunities for people in the
22 community. But, then we hire, we go about that mission
23 and then we run into the fact that we have to, we are
24 being pressured by unions, of course, to hire their
25 folks. So, we are really in a kind of a Catch 22

1 there. And that particular issue we haven't found a
2 solution to. We just try to do the best we can to
3 spread a little around to those that are part of the,
4 part of the project.

5 One of the other things that we do is, we
6 seek to provide services to various agencies,
7 consulting services on community development, community
8 project monitoring, things of that kind. And we find
9 that one of the obstacles that we run into most often
10 is the assumption on the part of persons who we make
11 our appeals, submit proposals to, and go in and make a
12 pitch., the assumption is that, (1) because we are a
13 minority, non profit, we are not, we don't have the
14 capacity or the capability. I mean, I can almost see
15 that when we walk in the room, that we are just not in
16 the same class of some of the other more sophisticated
17 and "sophisticated" organizations. And we have, we
18 really have a difficult time overcoming that
19 assumption.

20 There is an assumption that because we are
21 relatively small, that we can't perform as well as
22 large, again, sophisticated organizations.

23 So, and we also have to deal with the issue
24 which everyone, I guess, across the board deals with,
25 and that is the inter circle, old boy network that

1 prevails. In most instance, the deal is done before we
2 walk in and we are given a courtesy, interview or a
3 courtesy kind of consideration. We know that. Well,
4 how do we overcome it? Because I think you want some
5 answers, you know, you just don't want problems. Well,
6 we overcome it by, number one, being very good at what
7 we do. We do our homework. We are very professional
8 in our presentations. We give quality of documents,
9 documentation of what we can do. We do our homework
10 with regards to political connections. I mean, that
11 political means small pea, large pea. We know that
12 that is the real world and you have to do it. And then
13 we deal with sheer tenacity. We just won't give up.

14 On some of our recent visits to Washington,
15 we have gotten to be known by everybody in the hallway
16 and the lobbies and the offices and everything, because
17 our faces are there all the time. And we just will not
18 give up. So, sheer tenacity is one of the major
19 issues.

20 I don't know how much time, but I would just
21 like to give you one more perspective, because as
22 president of the Board of Education, I happen to be on
23 the other side of the table, where we have vendors and
24 contractors come to seek business from us. And I
25 maintain that unless, and I am speaking now from, as I

1 said, from the other side of the table, unless there is
2 a support of the board or whatever the ultimate
3 authority is in that organization, that entity has to
4 take a strong position with regards to minority and
5 women businesses and vendors, and contractors. You
6 have to pass that down to your senior management. And
7 senior management has to be held accountable and we do
8 that, if we don't do a good job. I am not going to
9 tell you we have all the problems solved. But, I am
10 telling you that it works, if the board and senior
11 management is onboard and committed. We hold people
12 accountable. And what I do I mean by accountable, we
13 mean that they come in and report to us directly on a
14 regular basis as to their performance, what is going
15 on, why they are making certain commitments, why they
16 are not making commitments. And even though there is
17 that, always that informal resistance by some people,
18 if you hold them accountable in a professional way,
19 they will respond to that. They feel as though that is
20 part of their job.

21 And finally, when we get complaints, and we
22 do get them, we have to treat them seriously and follow
23 up on them.

24 As a final, just an example, we had a
25 gentleman that contacted me in my home, and, you know,

1 on the surface it may have sounded like a frivolous
2 complaint that he was not getting return telephone
3 calls, he was not getting responses to the letter, his
4 letters and I followed it up on personally, this young
5 man had not been able to get a contract with one of the
6 sub contractors of a general contractor that we had
7 retained out of New York. And I followed it up as soon
8 as the general contractor and subsequently through the
9 sub contractor, and this is a small business, but he
10 was able in the last two years to get a million dollar
11 contract for each of those two years. But, if no one
12 had ever made the follow-up, if no one had ever made
13 the telephone or responded, at a level that was, that
14 had clout in this case, then it wouldn't have happened.

15 With that I will stop and pass to one of my
16 colleagues.

17 MS. HIRSCH: Thank you, Mr. Alston.

18 Ms. Gibson?

19 MS. GIBSON: Yes. Thank you. Good morning.
20 My name is Grace Gibson, I am president and owner of
21 Quality Heating and Sheet Metal Company. And I am
22 certified WDBE.

23 I would like to thank you for inviting me to
24 speak here today.

25 The city rules and regulations for

1 certification are not easy, nor are they taken lightly
2 by minority and women owned companies, who seriously
3 want to improve themselves and their company.

4 In January 1993, Mayor's Executive Order I-93
5 was signed into law requiring a percentage of a project
6 be set aside for certified minority and women owned
7 companies to participate in the process of bidding, and
8 be awarded, if low bidder, the contract on all city
9 funded projects. That percentage as of today is 20
10 percent minority and eight percent women owned. A
11 grand total of only 28 percent out of 100 percent job
12 total.

13 I-93 Executive Order was a good regulation,
14 you would think, and it is, but it has also created
15 problems that no one knew would arise for minorities
16 and women owned companies. Nor are there any solutions
17 to date. After one year of my petitioning City
18 Council, however, Councilman Kenney has passed a
19 resolution to hold hearings on problems that we, MBEs,
20 WBEs, face with city funded projects.

21 Some of these problems which I personally was
22 subjected to are unjust, unfair, and I am sure illegal
23 in some cases. The process we go through are as
24 follows:

25 Certified minority and women owned companies

1 work very hard to bid a job, negotiate with general
2 contractors when we are awarded the job and gear up and
3 prepare to do the job. We work for 60 days by
4 supplying all our materials and labor before our first
5 payment from the general contractor is made to us. We
6 do not receive the full amount billed because 10
7 percent is held for retainage. That 10 percent is held
8 every month on every invoice and until the job is
9 completed. And most times long after the project is
10 turned over to the owners. It can be as long as a year
11 after the owner takes possession that that 10 percent
12 is released. Dishonest general contractors or builders
13 back charge us for false or unlawful charges. We can
14 do nothing to convince these general contractors to
15 release our 10 percent because they are holding our
16 money.

17 Some of the back charges, for instance, are,
18 we are delaying the work schedule, we don't lock gates
19 or we don't clean up. This happened to me and the
20 general contractor not only held my 10 percent, but my
21 regular contract money as well to the tune of
22 \$165,000.00. I was held hostage. I have the names of
23 18 companies who have similar problems, non payment on
24 city funded project. And that is only some of the
25 companies I know about.

1 Some other issues we face are listing MBE/WBE
2 companies by general contractors, in order for them to
3 be awarded city funded contracts. But, as soon as some
4 general contractors have that contract, they do not use
5 that certified minority or women owned company, or they
6 do that portion of themselves, and do not advise the
7 proper city agency of what they are doing. There is no
8 oversight committee looking over the general
9 contractor's shoulder. There are no safeguards for
10 MBE/WBE subcontractors to ensure we are paid. That if
11 named as WBE, or MBE, we will get the contract, or even
12 if we are verbally told we have the job, shake hands
13 and finally agree on the job, that we will get the job
14 in the end. These problems persist currently, without
15 solutions and these problems put minority and women
16 owned companies under undue and unwarranted stress,
17 financial burdens, which occur when we cannot pay our
18 suppliers, and our credit is ruin. And the personal
19 horror and fear that we feel that we are either going
20 to lose everything, our homes, and our businesses.

21 This is what I went through almost, including
22 this particular general contractor's threats to see me
23 out of business, homeless and said he would never pay
24 me a dime. I have found by talking to other certified
25 companies, that we all feel, each of us, is totally

1 alone. That each of us feel this is only happening to
2 me, and that we are totally helpless to resolve these
3 problems. We believe these problems are a violation of
4 our civil rights.

5 Mayor's Executive Order I-93 requiring
6 minority and women owned participation does not state
7 that we have to be union or non union. Only that we
8 have to be certified by MBEC. When I became certified
9 in 1995, I was trying to survive the \$165,000.00 loss
10 and stay in business. But, in order to reorganize, I
11 decided not to renew my contract with Local 19 Sheet
12 Metal Workers Union, of which I had been a member since
13 1983. I could not afford union rates on every job, for
14 every worker, whether that employee worked in my
15 fabrication shop, as a truck driver or as a field
16 mechanic. I could not afford to buy strictly yellow
17 labeled union made supplies and equipment. Yellow
18 label, union made supplies cost three times more than
19 what they should. As a non union company, the
20 problems I face as well as other non union companies,
21 encompass a wide variety and a new set of problems for
22 certified minority and women owned companies. As
23 certified minority and women owned companies we are
24 asked to bid on jobs both residential and commercial.
25 The first problem, if the union finds out we are going

1 to be awarded a job, no matter how small or how big,
2 the union organizers have literally threatened the
3 owners of the project, threatened the general
4 contractors, that I, for example, an HBAC contractor is
5 awarded the job, the union will shut the job down
6 completely. And the owner will, therefore, lose
7 precious time and money. Consequently, the owners and
8 general contractors are forced to hire union companies
9 only. We are barred from earning a living. If the
10 unions do not find out we have a contract in place and
11 we start working on the job, the next scare tactic is
12 to set a picket line, shut the job down completely.
13 The carpenters and plumbers who go before me as a
14 heating and air conditioning company, if they are
15 union, those trades will not cross a picket line and
16 the job stops again.

17 The owners and general contractors of these
18 jobs is then put under undue pressure and stress to
19 resolve the situation, all the while losing precious
20 time and money. If the general contractor stands firm
21 behind certified non union companies, he will most
22 likely not hire us the next job regardless of the fact
23 we have done a perfect job for him.

24 I was told by a general contractor,
25 personally, he would be killed if he hired me again.

1 Now, how literal was that statement made to him, we
2 will never know. But, he has not hired me for any city
3 funded work since then. From a general contractor's
4 point of view, if he stands too close to us, he then
5 becomes a target also.

6 There was just recently a very large job,
7 residential, of a two year length I and another trade
8 were recommended to the owners to do this job. But,
9 because of both union interference, Local 98
10 Electricians and Local 19 Sheet Metal workers, we were
11 not awarded the job. The unions trespass on the job
12 site, inspect our work, disrupt our men from working.
13 This kind of interference by the union interrupts our
14 relationship with our customers. We lose work and
15 cannot earn a living. This is also a contractual and
16 job interference. Now, union companies when awarded a
17 job, excuse me, non union companies when awarded a job,
18 find vandalism to our work, installed on the job site,
19 and our materials stolen. Everyone knows that we are
20 sabotaged and these acts are done to cost us more and
21 more money. Unions put a tremendous amount of pressure
22 to either sign up the non union company, or the union
23 organizers try to strip us of our men, and try to
24 convince them to join the union, leaving us stranded.
25 If that does not work, they file an untrue complaint

1 with the National Labor Relations Board. Again,
2 costing us time and money to respond.

3 We are, we, as non union companies comply
4 with Section III community hire for each project. The
5 unions cannot adhere to community hire because most, if
6 not all, non, not all union members, they do not live
7 in these communities. We hire non union community
8 people who are minorities and women and teach them our
9 trade, yet with all that we are still harassed and
10 threatened. There are also jobs tagged, project labor
11 agreements, which means union only, which we are
12 eliminated from.

13 The problem with non union companies and we
14 need a solution to this, is that we do not have a
15 training school for sheet metal workers, heating and
16 air conditioning. The only school for training is all
17 union. It is located on Delaware Avenue at Local 19
18 Sheet Metal Workers. We need a school program to send
19 community hires to learn that trade.

20 There is an air of uncertainty and ignorance
21 surrounding certified minority and women owned
22 companies that we, number one, lack business sense.
23 Number two, cannot complete jobs. Number three, do not
24 have experience or knowledge of the process of
25 completing the jobs. And number four, financial

1 resources. This is possibly true with all classes of
2 people and all trades. But, to assume and characterize
3 all certified minority and women owned companies as
4 such, is prejudicial and bias. We are legitimate,
5 experienced and have proven track records, yet, our
6 rights are violated and ignored.

7 On the two year residential project another
8 trade, Townsend Mechanical, a non union certified
9 minority electrical company, bid on bid day an amount
10 that was approximately \$128,000.00 less than the union
11 contractor who was awarded the job. That same job, I
12 was approximately \$100,000.00 less than the union
13 contractor, who was awarded the job. This was not the
14 general contractor's choice. This was union
15 interference. These amounts of awarded contracts are
16 public property and available for review.

17 Another issue about subcontractors'
18 contracts, there is another phrase we see more and
19 more, "Termination for convenience sake." Can somebody
20 please explain that phrase to me? Does that mean the
21 GC can wake up one morning, and decide he doesn't like
22 the way I dress, so I am gone from the job for
23 convenience sake?

24 We do not want the entire pie, but we do want
25 our slice. We want the right to choose our life and

1 better it without repercussions. The unions in this
2 city have strong political connections. There are
3 currently some political figures who are determined to
4 put extreme pressure and damage to general contractors
5 who support minority and women owned non union
6 companies. Luckily, not all politicians share this
7 practice and who still believe in righteous and
8 justice. Isn't it ironic that we, the taxpayers, the
9 little people, vote into office these people, who we
10 believe will serve all and not have their own special
11 agenda.

12 As you can see, our civil rights are being
13 violated and it is happening here in the United States
14 and not in a foreign country. It is especially
15 devastating to be happening here in Philadelphia, which
16 is the birthplace of independence and freedom. Thank
17 you.

18 MS. HIRSCH: Thank you, Ms. Gibson.

19 (Applause.)

20 MS. SHAPIRO: Ms. McGee?

21 MS. MCGEE: Good morning. I am especially
22 pleased to be here today because barriers to minority
23 and women owned businesses is a topic I can truly
24 identify with. I am the president of Quality Mobile
25 Hearing, Incorporated. We are located in Cherry Hill,

1 New Jersey. We are the only minority owned business in
2 the country that provides hearing testing, noise
3 monitoring, OSHA compliance, hearing conservation
4 training, record keeping, blood pressure, EKG, vision,
5 and vision screening to large and small industry.

6 The birth of Quality Mobile Hearing occurred
7 in 1996 as a spinoff of my 20 years of employment with
8 Consolidated Rail Corporation, Conrail. To give you a
9 brief history of my relationship with barriers, of
10 being a minority and a woman before I became a MWBE
11 with barriers, I would like to share with you my 20
12 year career in Conrail.

13 In 1976 I hired with Conrail as the first
14 African American female to ever work for any Class I
15 railroad as a trainman, train person in the
16 transportation department. My duties consisted of
17 operating train switches, and handbrakes, calling and
18 using hand signals, and transporting passengers and
19 freight throughout the Northeastern Corridor. While
20 working in this capacity there were no laboratories
21 facilities for women nor any bunk rooms for rest. I
22 performed my duties in spite of the inconveniences.

23 I was promoted every year, 1977 through 1981
24 to positions such as equal employment specialists,
25 assistant personnel manager, personnel manager, and

1 health services manager. I was promoted every two and
2 a half to three years, thereafter, to positions of
3 supervisor, labor relations, labor relations officer
4 and manager or hearing conservation. In all of the
5 positions I held as a Conrail employee, I was either
6 the first female minority and/or both. Yes, I have
7 been breaking barriers all of my career.

8 After 20 years of employment with Conrail I
9 was told in 1996 that my position as manager of hearing
10 conservation was being downsized. The function of the
11 hearing conservation program that I had successfully
12 managed over the last six years would be required by
13 state and federal regulation and the spirit of Conrail.
14 I made a counter proposal to the AVP of Health Services
15 of what I thought to be a quid pro quo. I drafted a
16 proposal establishing Quality Mobile Hearing,
17 Incorporated, offering hearing conversation services.
18 The cost was lower than other majority owned
19 contractors that charged in the past. The contract
20 read like the Conrail hearing conservation job
21 description and again, the cost was less than the 1996
22 Conrail hearing conservation budget. I received no
23 complaints from Conrail. We provided quality service.
24 In fact, many of the railroads and large industry that
25 called on my expertise as a hearing conservationist,

1 while I was employed at Conrail continued to do so. I
2 then started working towards growing the business of
3 Quality Mobile Hearing. I presented proposals to
4 companies that regarded me as a hearing
5 conservationist. I was told my business was too small,
6 I had not been in business long enough, my revenue was
7 not large enough. I did not have enough equipment,
8 i.e. mobile vans to compete. My largest contract with,
9 is with Conrail, a Class I railroad, yet, I could not
10 compete. Now, they may be right. As many of you may
11 know, Conrail is involved in a takeover with CSX and NS
12 Railroads. Every day in the business section across,
13 of the newspapers across the country, there is
14 something written about the Conrail takeover. What is
15 not written, nor discussed is how many minority and
16 female owned businesses have lost their contracts or
17 will lose their contracts because we are not recognized
18 as an integral part of corporate America when takeovers
19 and mergers come up. In most incidents, minority and
20 female owned business have their contracts terminated
21 without any discussion.

22 Nor are we contracted for a determination of
23 the impact, the cancellation of a contract, would have
24 on our lives professionally or personally. If anyone
25 in this room called Conrail today, and asked how many

1 MWBEs have lost and will lose their contracts as a
2 result of the takeoff, the number would astonish you.
3 The percentage of minority and female owned business to
4 transit with CSX and NS Railroad as compared to the
5 majority businesses, I am sure would --

6 So, if you want to know what you can do
7 today, you are here today and I thank you. You can
8 look at corporate America, how are they structured?
9 Looking back at Conrail structure, we would only see
10 one person involved in the supplier diversity process.
11 And as of today, she is no longer there. Yet, there
12 are hundreds of supervisors throughout the 12 states in
13 which Conrail operates directly involved in the buying
14 process, spending million of dollars. How could
15 having one person working at the corporate headquarters
16 impact on the attraction and inclusion of multi talent
17 minority and women business owned? As change agents
18 you can assist corporate America in setting realistic
19 goals and expectations that will allow for the growth
20 of MWBEs. We cannot wait 90, 120 or 180 days for
21 payment. We cannot have constant schedule changes that
22 prove costly, especially when airline and hotel
23 reservations are involved. Often times in order to
24 compete with our majority counterparts, MWBEs make
25 expenditures for office space, staffing, vehicles,

1 stationary, etc., to earn a contract only to have it
2 terminated ahead of the contractual time agreed upon.

3 If you truly want our success, corporations
4 must have more diversity in their procurement process
5 and programs. Corporations must empower their supply
6 diversity personnel with the attraction, solutions and
7 dollars for the involvement of MWBEs within corporate
8 America.

9 You must have in place a structure for
10 monitoring women owned businesses to ensure they are
11 not perpetrators, because when challenged, some women
12 owned businesses have revoked their own certifications.

13 Looking at the majority corporations involved
14 in mergers, you must look at the majority corporations
15 involved in mergers and/or takeovers, and ensure there
16 is a process in place that provides for smooth
17 transition for MWBEs, that includes continuation of the
18 contract and/or financial closure.

19 In closing, I would like to just share with
20 you one of the profiles that was completed in the
21 business insights of Merrill Lynch. And I am just
22 curious as to how this happens and with MWBEs, we just
23 don't have that opportunity. Each month Merrill Lynch
24 profiles a successful business. And in the month of
25 December they profiled Marino Crane Service, which was

1 started in 1952 by Sebastian Marino, an experienced
2 crane operator and his wife Rose. The couple had to
3 refinance their home and car to raise the money to buy
4 their first crane. From that one crane, they expanded
5 to a fleet of over 40 cranes. And that was in 1952.
6 Ladies and Gentlemen, my parents could not have
7 refinanced their home and their car to start a crane
8 business in 1952. And many of us as MWBEs cannot do
9 that today. Those opportunities are not there for us
10 and we have to beg to question why not. Thank you.

11 (Applause.)

12 MS. HIRSCH: Thank you, Ms. McGee.

13 Has Faye Ellison-Heller come in yet?

14 Okay. Mr. Blair, I assume that is you, okay.

15 MR. BLAIR: Good morning, everyone.

16 First off, before I go into a brief outline
17 of what I would like to speak about, a lot of us are
18 told that we don't have the experience to do a project
19 or that once we are on the project, we don't know what
20 we are doing. To give an example before I talk about a
21 little bit of what I am about, my experience revolves
22 around 1966, I was a draftsman for a company in South
23 Philadelphia, spending 11 years there, end up designing
24 stores and shopping centers throughout the country. I
25 also was involved in a construction of Smith Kline

1 Beckman, condos, Gallery II, and Gallery I. My
2 experience then took me to today's Man's Stores, where
3 I was vice president of construction for eight years
4 and built shopping centers and stores from Virginia
5 through Chicago. I then decided to go back into
6 construction. And most recently this is what I have
7 faced.

8 I want to speak briefly about compliance
9 versus business as usual. It is a fact that you will
10 hear, I have heard on numerous success stories that
11 minority contractors and how successful this project or
12 that project was for the minority contractor. I will
13 share with you today my most recent experience.

14 On the compliance side, I was awarded a
15 project in excess of two million dollars. And was named
16 by the City Agency as minority contractor for the
17 project. By the way, I am a union contractor. I put
18 into place funding for the project through a factor. I
19 had as part of the package put into place signed co-pay
20 agreements for materials and miscellaneous tools. For
21 those of you unfamiliar with co-pay agreements, that is
22 a written agreement between the prime, the sub
23 contractor and the supplier. This agreement authorizes
24 the contractor to purchase material from the supplier
25 when invoices are approved as part of the schedule of

1 values, the prime pays those invoices and deducts those
2 approved amounts from the subcontractor's billing.
3 This scenario allows the prime as well as the supplier
4 to be comfortable in the material building process
5 portion of the project. The prime contractor in this
6 case created the issue that the material bills were not
7 being paid and, therefore, put my company in default
8 and removed us from the project. The strange thing
9 about this is that, yes, it is true, I issued a check
10 to a supplier for approximately \$3,000.00, that was
11 part of a co-pay agreement, yes, it is true, that check
12 did not clear the bank. Why? Because the prime noted,
13 in fact, he was coming with a check and he hasn't been
14 there yet and that has been since December 4th. The
15 prime did, however, pay the supplier after default
16 notice.

17 I sent to the Housing Authority in excess of
18 20 letters over a five month period, referencing this
19 contractor consistent shortage of payment to my
20 company. These letters went to the onsite management
21 team as well as the PHA corporate offices. Letters
22 were received by the Housing Authority from my factor
23 about the shortages of payment. We are only receiving
24 approximately 70 percent of approved billings. But,
25 prior to this, the first two months of the project,

1 there was a good relationship with this prime. So
2 good, that through our factor, I approved an \$85,000.00
3 loan so he could get his building permit to build the
4 project. Once those funds were finally paid back, then
5 it was a downhill slide from there.

6 Who do we expect assistance from? I
7 complained to the Housing Authority as I previously
8 stated, but it was business as usual. I had work
9 stoppage set up by the union because people could not
10 cash their checks. Why? Because the contractor
11 decided we could wait for payment. Business as usual.
12 The response that we have received and the most common,
13 "We do not have a contract with you." Business as
14 usual. Contact his bonding company we are told.
15 Business as usual.

16 In this particular case, the Housing
17 Authority even after numerous complaints by me has
18 never took this contractor to task. There were never
19 any communications referencing our work quality or
20 production. We constructed a good product in a timely
21 manner and without the benefit of a construction
22 schedule. Yes, this is a success story for the
23 Philadelphia Housing Authority.

24 Thirty-two approved invoices, partially paid,
25 business as usual. Removed from a project because the

1 prime did not pay his obligations in a timely manner.
2 Business as usual. Ignore constant complaints from
3 minority subcontractor. Business as usual. Construct
4 the hardest portion and less proper proportion of the
5 job and then be removed. Business as usual. The total
6 disengagement by the Authority for its minority
7 contractors is business as usual.

8 What has happened here is not a single
9 occurrence. It is done in many ways. No one or agency
10 is willing to step to the plate. Yes, there are
11 successful minority contractors, but the numbers are
12 few in the overall representation.

13 In closing, I am going to recite a famous
14 line that was issued to me by a HUD communication. And
15 I quote, "Under paragraph 27(e)(2) the contractor is
16 required to certify to the Housing Authority that
17 payments have been made to subcontractors and suppliers
18 from previous payments received under the contract, and
19 that timely payments will be made from this each
20 certification in accordance with the subcontractor
21 agreement." In closing, business as usual. Thank you.

22 (Applause.)

23 MS. HIRSCH: Thank you, Mr. Blair.

24 Okay. We open it up to questions from the
25 panel.

1 MR. FISHER: I have a question, if I may? Mr.
2 Blair, that is an interesting story. In your
3 judgement, who would have, who in the City should have
4 had the prime responsibility for correcting that
5 problem immediately?

6 MR. BLAIR: Affirmative Action Division of
7 PHA.

8 MR. FISHER: That is the Housing Authority.

9 MR. BLAIR: Philadelphia Housing Authority,
10 Mr. Carl Green, the director, Mr. Fred Parnell,
11 associate director, Labor and Wage Division for the
12 City of Philadelphia, all of those.

13 MR. FISHER: Now, let me ask, did you get any
14 kind of explanation or response from any, any of those
15 agencies?

16 MR. BLAIR: I have nothing. I have nothing.
17 And what I have been told is contact the bonding
18 company.

19 MR. FISHER: You, the subcontractor --

20 MR. BLAIR: I have been told to contact the
21 bonding company. And to make it even, which I didn't
22 state, okay, because I didn't want to get elongated
23 here, when we received the default letter, I arrived,
24 on the 13th of November, I arrived at the site on the
25 16th to remove my tools. My trailer had been broken

1 into, and \$30,000.00 in tools and equipment were
2 removed. I called the police, filed a police report.
3 PHA as witnesses said, "Oh, yeah, the contractor took
4 them." Now, right now it is in the District Attorney's
5 hands. I have contacted HUD. HUD sends me this
6 guideline. The problem I have is (1) I was ahead of
7 schedule. (2) I was doing the job with minimal
8 manpower. (3) I was paying for material out of cash
9 and the contractor did not pay his bills. (4) What
10 the hell is going on? And yes, I am angry.

11 My concerns are that I am a union contractor.
12 Okay. I had union employees and my employees that
13 were not union were laborers. I followed all the rules
14 of the Davis Bacon Act as far as payroll. I submitted
15 certified payrolls on a weekly basis. My paperwork, it
16 had no mistakes. On this project, which I was on for
17 approximately seven and a half months. I have a four
18 inch binder, with nothing but communications,
19 referencing this contractor. My factor has written
20 about the non payment of the invoices. I have met with
21 two individuals from PHA during the course of this.
22 They said, "Oh, we will speak to him." The next thing
23 I know, I am off the project. I framed it, I have laid
24 it out, I have blocked it and I was ready to make some
25 money to put up the drywall, I am out. And there has

1 been no official response from PHA at all.

2 MR. JORDAN: Tell me, tell the Panel, what has
3 the impact been now on your company?

4 MR. BLAIR: I lost the project for Richard
5 Stockton College in Pomona, New Jersey because I had
6 not tools. I have been named on the Loews Hotel by
7 Dugan and Markcone and my factor were going to deal
8 with me to get tools, okay. I am also in the running
9 for Park Ridge, another development in Philadelphia.
10 Okay. And the impact is since November 13th, until
11 this takes place, which is about another month from
12 now, I have been out of business.

13 MR. JORDAN: Just another brief question to
14 Ms. Gibson or either one of you who want to respond to
15 it. There seems to be a recurring scenario, if I have
16 this correct, that once you get to a certain portion of
17 a project, as a sub, then you are pulled or there seems
18 to be some kind of problem that suddenly arises,
19 comment of elaborate on that.

20 MS. GIBSON: Well, it doesn't happen will all
21 general contractors, but there are some and that has
22 been my, basically my campaign for the last year,
23 because it happened to me. I was working for one
24 specific general contractor, on five different
25 projects, some of them were city funded projects. And

1 I would receive payment the 15th of every month until I
2 got to about 50 percent of each one of those contracts.
3 Then the letters started, the faxes started, the
4 certifying mail started, that I was behind schedule,
5 that I was doing sloppy work. And by the way, I was
6 union at the time, with men that had 25 years
7 experience. So, it seems that the general contractor
8 then starts, because he not only has your current
9 invoices, but he is still holding that 10 percent. It
10 can be a substantial amount. So, he is really in
11 control. He can say or do anything he wants and there
12 is no one, no one, that can stop him. The City does
13 not know that these things are going on, that these
14 general contractors are withholding money. And if we
15 notify the agencies, I don't know why they are not
16 responding, and that is part of why I went to
17 Councilman Kenney. I think we need an oversight
18 committee here in the City of Philadelphia, that
19 subcontractors can go to, regardless of whether you are
20 certified minority, women owned, union or non union,
21 that you can go to an oversight committee, and say, "I
22 have a legitimate complaint. I am not getting paid.
23 This is my invoice. The other thing general
24 contractors do, is if you say you bill \$50,000.00 in
25 one month, which is a percentage of the total contract.

1 They hold the 10 percent, and I have found that what
2 happened to me with this particular general contractor
3 was that he reduced my invoice, let's say down to
4 \$30,000.00. I knew nothing about it. None of my
5 people know about it. There was no documentation that
6 he was reducing it. And the reason he reduced it is
7 because he didn't feel that I did that percentage of
8 work. So, now you have an additional \$20,000.00 on top
9 of the 10 percent, that he is control of. We have back
10 charges, ridiculous back charges. I mean, don't
11 misunderstand me, everybody is not perfect in this
12 business. We all make mistakes, but we are willing to
13 correct the problem. We are willing to correct
14 anything that we are doing wrong. If we haven't filed,
15 if we have overlooked paperwork, we are willing to get
16 it in as quickly as possible. But, the response from
17 general contractors and from City agencies, it takes
18 them months before they can get back to us. And then
19 they say they have lost the paperwork. And then we
20 have to do it again.

21 MR. JORDAN: What city agency are you talking
22 about?

23 MS. GIBSON: All the city agencies that fund
24 city projects. There isn't any one specific agency
25 that does not do that. It is just, I don't know

1 whether it is so big that they are just, or they are
2 overworked, there is not enough people to handle it.
3 That maybe the issue. I don't know. All I know is
4 that we are at the other end of the stick and we need
5 to pay our mortgage and we are not getting paid. And
6 I, personally, resent when somebody takes food off my
7 table, personally resent it.

8 MR. JORDAN: Thank you.

9 MS. GIBSON: You are welcome.

10 MS. SHAPIRO: We have heard some really grim
11 examples of what is not working here. I was wondering
12 if you might be able to provide us some of the
13 opposite. If you can tell us about some positive
14 experiences that you have had with some contractors and
15 agencies, governmental entities, that we might look to
16 for good examples.

17 MS. GIBSON: Sure. I work currently for a
18 couple of very good general contractors. One of which,
19 is Allied Corporation, and the other one is Dale Corp.
20 They are very honest people. They try their best to
21 accommodate and follow all the rules and regulations
22 and they are fair in hiring minorities, and women owned
23 companies. That should be the precedent. That should
24 be the standard, not the exception. Not the
25 exception. And they hire non union as well as union.

1 We pay prevailing wage, whether we are non union or we
2 are union.

3 MS. SHAPIRO: How about the rest of you? Any
4 positive?

5 MR. ALSTON: Well, we just hired Allied. I am
6 glad to hear that. I have had experiences, limited
7 experience with this conflict between general
8 contractors and subs, as the owner of the project, have
9 had experiences with the subs complaining to the owner
10 that they are not being paid, because we are holding up
11 funds to the general contractor for non compliance or
12 some deficiencies or what not. But, we talk about
13 holding back, we are talking about 10, 15, 20 percent
14 of hold back, and I am hearing the subs saying that
15 they owe us 70 percent of our invoices, or what not.
16 So, there is an obvious gap there, between the general
17 contractors and subs. We try to help the subs out
18 and let them know, let the general know that we are
19 aware of this. Because that is an informal attack on
20 the problem. That is no formal solution to it.

21 MS. GIBSON: There is one other thing that
22 might help minorities and women owned companies,
23 especially. I mentioned in my speech that when we
24 first go onto a project that we work 60 days, we put
25 out money for payroll, for supplies, and we don't get

1 our first pay for 60 days. Some of the agencies and
2 some of the general contractors, and I don't know
3 because I am not privy to that and of the dealings
4 between the agencies, the funding agencies, the owners,
5 and the general contractor, there are circumstances
6 that they get paid every two weeks. But, yet the sub
7 will get paid every 30 days, sometimes, 45, sometimes a
8 little bit longer. It would help if we were able to
9 get paid a lot sooner. It would keep us going. It
10 would keep the flow going. It would take the pressure
11 and the stress off of the subcontractors, because
12 basically we are at the bottom of the totem pole, and
13 we are basically financing a general contractor. And I
14 don't think all of that responsibility should be
15 strictly on us. So, I think that if we got paid every
16 two weeks, that would be a big, big help.

17 MS. HIRSCH: Have you ever negotiated with a
18 contractor to shorten the interval for when you got
19 paid? Is that a consideration?

20 MS. GIBSON: When we submit our bid, we submit
21 a proposal and we literally list the scope of work, the
22 dos and do nots, and our pricing. That proposal is
23 never signed, not in my case anyway. We are given the
24 general contractor's contract. Which lately is about
25 two inches thick, and you need to be an attorney to

1 read it. So, we don't have a way, they stipulate all
2 the terms. Now, maybe they stipulate all the terms
3 because that is what the owners stipulate to them, and
4 they pass that portion on or maybe it is the agency
5 that has control of some part of the contract or the
6 payment schedule, which I think they do. So, that
7 needs to addressed. If they could, you know, see it
8 through, because general contractors have the same
9 problems we do. If they don't get paid, we don't get
10 paid. It is a domino effect.

11 MS. MCGEE: I would like to comment with
12 regard to requesting for the payment earlier. That is
13 one of the problems that as MWEBs we will face in the
14 negative that when we are requesting dollars earlier
15 than what it is on the contract because they are
16 assuming, there again, you cannot handle this contract
17 because you want your dollars early.

18 So, it is a no win situation to request the
19 dollars upfront or even ask, "Can you pay us on a
20 different time schedule?" Whereas, conversely, a major
21 corporation and I can speak from coming from corporate
22 America, can come in and ask for that additional money
23 upfront and it is no problem. It is understood. It is
24 just when it becomes an MWBE that is making that same
25 request, the rules change.

1 MR. BLAIR: I would like to add that, too.
2 And the way that the GC does this, is the GC is paid,
3 the general contractor is paid mobilization dollars,
4 but the subcontractor does not get mobilization
5 dollars. So, we are financing it. And what makes it
6 strange, is to give you for instance, through the
7 factor that I have, I submit a schedule of values, I
8 submit a billing with a schedule of values, the GC puts
9 out no money. If that schedule of values is approved,
10 whatever percentage, then what happens is, he signs a
11 form that my factor has, my factor then transfers that
12 amount by wire into my account for payment. And when
13 the GC is paid, then my factor pay those approved
14 invoices. The problem that we have is that, it is like
15 the GC never gets paid. That is the problem we have.
16 And then we, I am stuck with the bill for my factor.
17 And as I stated before, right now I am sitting on
18 \$300,000.00.

19 MS. TARR: Would it be of any value to have an
20 advocate or let's say an impartial knowledgeable person
21 who could come into and when you are told that you are
22 behind in your work or it isn't up to standards or
23 something, that could come in and evaluate that so that
24 you could get a fair appraisal of the work you have
25 done and have somebody on your side to vouch for you

1 whenever you go before these groups, to help plea your
2 case?

3 MS. GIBSON: I will answer, and you can, too.

4 Usually on city funded projects there are
5 inspectors from the City, they come out and inspect our
6 work. For instance, mine is sheet metal duct work, for
7 heating and air conditioning, that is the first phase,
8 they can't insulate a drywall until they go in and
9 inspect to make sure it is okay. Also, there is an
10 energy efficient agency that the city has, that, well,
11 it was called GRASP, G-R-A-S-P, and it requires in
12 residential housing, that we use equipment, all
13 appliances that they will be energy efficient. It will
14 not cost the tenant or home owner a lot of money to run
15 these appliances. They come in and there are very
16 strict requirements regarding that. Our duct work has
17 to be sealed, etc., with duct caulk and so on. The gas
18 company will not turn on our heaters if there is
19 something that is defective. So, there are
20 safeguards. There are people that come in and inspect.
21 It is not just get it in, put the insulation and
22 drywall up and proceed. That is not the way it works.

23 MS. TARR: So, it is not your word against
24 theirs.

25 MS. GIBSON: Yes.

1 MR. FISHER: I would like to make a comment if
2 I may. I have extensive experience in contractor,
3 manufacturing relationships, not in the building and
4 trade industries, but in a different industry. And it
5 seems to me from what I am hearing, that the
6 subcontractors, there has to be a mechanism where your
7 interest are presented right in the beginning in terms
8 of drawing up these contracts and these agreements with
9 the fund, whoever is paying the bill, and the general
10 contractor because I know for a fact and most of us, I
11 assume, would do the same thing, if I am a general
12 contractor entering into an agreement with you, I am
13 going to draft it up where all of my interests are
14 protective and you are holding the bag. So, unless
15 there is early intervention, or an advocate or
16 something, or you have, or you are at that table when
17 those agreements are signed, you are going to have
18 incorporate in that agreement, things that are going to
19 protect your interest along with penalties, because if
20 you don't you are really going to, you are going to
21 have a difficult problem.

22 MS. GIBSON: We are.

23 MR. FISHER: Because you are the scapegoat in
24 this situation, because apparently everything is
25 drafted for everybody else except you.

1 MS. GIBSON: Yeah, we are. We are. You are
2 absolutely right.

3 MR. BLAIR: The thing is there is no
4 contractor that I know of that is going to sign a
5 contract with the subcontractor where he has penalties.

6 MR. FISHER: Except then, you don't get, no, I
7 mean, it has to, you even have to go beyond that.
8 Whoever is, for example, if it is the, let me take the
9 Board of Education, if the Board of Education is going
10 to set out or put out bids, or whatever, it has got to
11 be, it has got to be done at that point, where the
12 stipulations are. The general contractor is not going
13 to do anything unless he or she has to do it. If they
14 want the contract, they are going to have to do certain
15 things. And I can't see if you have two or three
16 components of a contract, everybody, every interest is
17 protected except one, I can't, I can't see how you can
18 justify that. And I think that it can be done, if
19 there is commitment from the people responsible that,
20 from the person that is letting it out, if everybody is
21 responsible, if that commitment to have it done, there
22 is ways to do it. And I agree, the general contractor
23 is not going to do it unless there is some stipulation,
24 if you don't do this, then you don't get the job.

25 MS. GIBSON: The other problem that we have is

1 that as certified minority and women owned companies,
2 where our names on a list, with the City, and the
3 general contractors or builders are suppose to contact
4 all of us, usually by fax, that doesn't always happen.
5 So, again, what other people have said, we don't get
6 enough notice or even any notice in writing that there
7 is particular bid. I think that there should be a
8 stipulation with anybody that is going to bid on a
9 specific project, or maybe it can come from the agency,
10 itself, that, you know, that it makes notices to us.
11 We get left behind. And basically, the general
12 contractors that we work with on a daily basis, are the
13 only ones that we really get to know, if they are
14 bidding on a project.

15 But, we are, like I said before, at the
16 bottom of the totem pole. We don't have any say in the
17 contract, in the payment terms, or anything else like
18 that.

19 MS. SHAPIRO: My experience is in the non
20 profit world. Okay. As the former executive director
21 of a statewide coalition of organizations advocating
22 for people with disabilities, we were in the very same
23 positions in terms of trying to finance our activities.
24 We would submit proposals in response to requests for
25 proposals trying to get grant money to do what we

1 needed to do. And we never had enough upfront money to
2 get ourselves started on these projects. And it was,
3 you know, where do we get the no strings attached money
4 or long term capital of money or whatever, to keep
5 ourselves going, was always the issue. Could you
6 describe some of your experiences in terms of accessing
7 that kind of funding for other sources, long term
8 capital funding, upfront funding that you can use in
9 these situations?

10 MS. GIBSON: Well, the problem with minorities
11 and --

12 MS. SHAPIRO: And that is for all of you.

13 MS. GIBSON: The problem with minorities and
14 women owned is that we don't have the resources. In my
15 case, for instance, when this particular general
16 contractor did not pay me \$165,000.00, I couldn't pay
17 my suppliers. My credit was ruined. My credit is
18 still ruined. I am still trying to come back from that
19 and that is eight years ago. So, we don't have access.
20 You go into a bank, you need nine million references,
21 you need collateral and then you may not get what, the
22 loan. You may not get the loan.

23 MS. MCGEE: You need to sign your own personal
24 lives away in the process of trying to come up with the
25 dollars that you need to continue in your business.

1 And that is pretty scary. And then how far do you go
2 with that in terms of your survival? It is one of the
3 most difficult processes. We can face the small
4 business owners going in because if we haven't been in
5 business long enough, we are not going to be given any
6 type of financial concern or look over, because you
7 haven't been there three years. And if you have been
8 in business two or three years, and you are struggling,
9 then you don't have enough personal income. Then it
10 is, well, you know, you have borrowed, we have already
11 given you that loan based on your home, and you don't
12 have any more equity there, so I just told them, just
13 take it all.

14 MS. SHAPIRO: At least I have my scooter.

15 MS. MCGEE: Yes.

16 MS. SHAPIRO: The reason I ask is because I
17 know there have been some efforts in the minority
18 community and among women, to start their own banks and
19 financial institutions to try and encourage
20 entrepreneurship. And I am wondering what effect,
21 positive effect, if any, that has had on this situation
22 or if there are any other efforts that are being
23 pursued to provide capital within the communities, to
24 help yourselves, to organize, to help yourselves. And
25 what suggestions you might have regarding that.

1 MR. BLAIR: Well, I would like to say, I have
2 been in this trade for 32 years, two years ago I
3 finally found a factor to back me. Okay.

4 MR. JORDAN: A what, I am sorry?

5 MR. BLAIR: A factor, to back me. So, after
6 30 years, that is how long it took. I have been to
7 every major bank, I have put contracts on the table in
8 excess of five million dollars. I have signed the
9 contracts and they still didn't take it. Okay. I,
10 personally, my personal opinion, I refused to put up my
11 home or my family's roof. Because the climate in this
12 city, with these contractors, in six months is gone.

13 MR. ALSTON: Let me comment. You asked for
14 non profit with respect, well, I can first sympathizes
15 with these folks who are subs, because as I said
16 before, we deal with the general contractor and I know
17 the kinds of feedback we get from the subs in terms of
18 delayed payments and withheld payments and what not. I
19 don't know how they survive because we are talking
20 about months and months of non payment.

21 But, as an owner, project owner, from that
22 perspective, I indicated earlier, we just gave up this
23 business of going to public agencies for funding and
24 for grants and what not, because we were just burning
25 up so much energy and time that we weren't getting much

1 done. And we are talking about three to five years to
2 get any project consummated. And I don't know any non
3 profit that can survive three to five years while they
4 are waiting for a project to be done. So, we just had
5 to give up that approach and that is why we have gone
6 to, we have gone to the profit making approach, within
7 the non profit organization. We take the same business
8 approach that a profit making organization takes. And
9 just present a package to bonafide private, to banks.
10 We have had some success. Like I say on the bright
11 side, we have had some success dealing with banks. ,
12 But, we found that a failure in our community and we
13 have had one in our community of one project impacts
14 the whole banking relationship, because then they get
15 very gun shy, and very concerned and very, and begin to
16 question your capabilities and what not. Now, that is
17 not true in the other world, in the majority world,
18 because we all know that majority people have gone to
19 the bank, gone bankrupt, and then they next month
20 calling in and gotten a new loan. But, that kind of,
21 that kind of an influence of a one failure of a small
22 non profit, smears the whole non profit community and
23 then they begin to get very shy about doing business
24 with you.

25 MR. JORDAN: There was a lot of earlier

1 suggestions regarding how do we find the solution to
2 this, particularly in terms of oversight on this. Any,
3 any suggestions that you would have on what should be
4 done?

5 MR. ALSTON: Well, I think the obvious gap has
6 been mentioned several times, is that relationship
7 between the general contractor and the sub. I mean,
8 there would certainly be, it would be helpful for some
9 entity, some neutral entity to be the watchdog, or the
10 monitoring, to make sure that the general contractors
11 don't use, don't finance their project with the
12 subcontractor's money. Because that is essentially
13 what is happening.

14 MR. BLAIR: Well, one of the things is that,
15 if there is a committee or whatever that is brought
16 onboard, they are normally completely useless, because
17 the political connections and because they were
18 politically formed. And they have no bite. And their
19 interest is basically, just keep the noise down. And as
20 long as that continues to happen, as I said previously,
21 it is just business as usual. Unless someone will come
22 forward and say, "Hey, this is wrong." Okay. Screw
23 the project, stop the project. Get this people in here
24 now, today, get it done.

25 MS. SHAPIRO: Talking about empowerment.

1 MR. BLAIR: Nobody will do that. Nobody will
2 do that. Because the political climate doesn't allow
3 it. We can't stop a 22 million dollar project, but the
4 GC can.

5 MR. ALSTON: Let me suggest one thing not to
6 do, as you consider an entity of that kind, please
7 don't provide six more forms to be completed. Because
8 we are buried -- another regulation. Please.

9 MS. HIRSCH: Okay. We are going to have to
10 take a short break before our next, our next session.

11 (Pause.)

12 MS. HIRSCH: Okay. We have time for a couple
13 of more comments.

14 (Pause.)

15 MS. HIRSCH: Okay. I would like to thank
16 the panel for their participation.

17 MS. SHAPIRO: And I would, too. We very much
18 appreciate your participation. And we do have comments
19 cards and hopefully we will address some comments and
20 issues.

21 MR. BURNETT: Can I ask one question, quickly?
22 Have you ever heard of Wickes Law? Anybody? New York
23 City. It is simple, is has been done in New York for
24 years, to eliminate the problems they are talking
25 about.

1 MS. SHAPIRO: Sit down and just tell us what
2 Wickes Law is.

3 MR. BURNETT: Ted Burnett. I work for Avis
4 Shirpool Consulting, which has nothing to do with --

5 MS. SHAPIRO: Could we have quiet, please?

6 MR. BURNETT: I had an experience, for 40
7 years I have done resident engineering work, building
8 structures in New York City. When I first started they
9 told me, "Ted, you have got to be aware of Wickes Law."
10 Wickes Law bids the subs at the same time they bid the
11 prime, directly. The man on charge on the job, pays
12 each of these guys with their invoices individually.
13 This problem doesn't exist. Now, if there is a sub
14 to sub, the same thing tends to happen sometimes, but
15 at least at this level, you eliminate that problem. It
16 is simple.

17 MS. SHAPIRO: And can you spell Wickes for the
18 record, please?

19 MR. BURNETT: W-I-C-K-E-S.

20 MR. FISHER: And that is in existence
21 currently in New York City.

22 MR. BURNETT: It was --the last few years ago.
23 It has been in existence for about 30 or 40 years.

24 MS. SHAPIRO: Thank you very much for that
25 information.

1 MR. BURNETT: It is simple.

2 MS. SHAPIRO: Okay.

3 MR. BURNETT: But, you have to have someone on
4 the job taking care of each of those payments for each
5 of those individuals. Inspectors can still come to
6 inspect, and approve work, no problem.

7 MR. FISHER: Thank you.

8 MR. BURNETT: You are welcome.

9 MS. SHAPIRO: Okay. What was your name, sir?

10 MR. BURNETT: She has it.

11 MS. SHAPIRO: Oh, okay. Okay, thank you
12 again.

13 We are a little early ending that panel. We
14 are going to move on to Panel III. I would like to
15 thank Judy Hirsch for moderating Panel II for us. And
16 also I would like to thank the presenters in that
17 panel.

18 Panel III is going to review the perspectives
19 of union and large prime contractors. Joseph Fisher is
20 going to moderate that panel for us. And he will have
21 a few comments about the make up of that panel before
22 we actually begin. So, Joe?

23 MR. FISHER: First of all, it is Herb Young
24 and Ben Kaplan, are either of them in the house? Would
25 you come to the front please? And while they are

1 coming forward, I would just like to announce that the
2 union the represents the building trades in the City of
3 Philadelphia, was invited to come so that would have
4 the benefit of at least their perspective in this whole
5 thing. And originally or initially they agreed to come
6 and then somewhere within the last couple of days, they
7 notified us that they would not be appearing. So, we
8 will pretty much get one perspective, I assume. But,
9 we will go forward and as was stated earlier, at the
10 end of the day, those of you that have comments or
11 whatever, I believe there is going to be an opportunity
12 for questions and comments and things at the end of the
13 day. And it was also announced that there are cards
14 here that you can use, utilize if you want to make
15 comments or questions, etc.

16 We also had invited Converna, because we
17 think they are a major player here in this issue and we
18 wanted to get their perspective and they also decided
19 that they would not want to participate. And we are
20 sorry that both the union and Converna made that
21 decision. But, it is something over which we have no
22 control, so we will proceed with the panel that we
23 have.

24 So, do either of you, which wants to go
25 first? Are you Mr. Kaplan?

1 MR. KAPLAN: Yes.

2 MR. FISHER: Do you want to go first? Or how
3 do you want to handle that?

4 MR. YOUNG: Thanks for inviting us here. My
5 name is Herb Young with Turner Construction Company. I
6 am the director of Community Affairs at Turner
7 Construction Company. And I guess as far as the "big"
8 construction manager, I just wanted to just give a
9 little small overview of what Turner Construction does
10 with the small minority and women owned businesses, not
11 only in Philadelphia, but throughout the United States.

12 Turner Construction Company has 42 offices
13 throughout the United States. And each office we have
14 a director of community affairs.

15 MR. FISHER: Excuse me, may I interrupt one
16 second? May I ask the audience, if you want to make
17 comments, would you mind doing it out in the hall, it
18 makes it very difficult when he is talking, we hear a
19 lot of, some side conversations and it is disruptive.
20 So, thank you and go ahead.

21 MR. YOUNG: As I was stating, we basically
22 have a director of community affairs in every office
23 that we have a business unit. And in that particular
24 office the director of community affairs oversees the
25 minority and women owned business participation in the

1 subcontracts, major subcontracts.

2 One unique thing that we do, we report semi
3 annually our numbers, our MBE/WBE participation dollar
4 amounts to our corporate headquarters. And the vice
5 president of community affairs name is Hilton Smith.
6 Hilton Smith resides in Cleveland, Ohio and he oversees
7 every office that has community affairs. Basically
8 when we submit our numbers we submit our numbers as
9 what we do overall with MBE/WBE participation. We only
10 count dollars, we don't count the labor hours. And in
11 this also unique process we, at the Philadelphia
12 office, which is located 1800 JFK, we have Ben Kaplan,
13 who is the purchasing manager. He has been with Turner
14 over 10 years. Before I arrived, Ben basically was
15 overseeing the participation levels that we encounter
16 within the subcontracts throughout the Philadelphia
17 area.

18 We have a unique project right now that we
19 are working on -- project at the University of Penn.
20 And in that project we, with the client's direction and
21 it makes it all easy when the client really dictates
22 that he wants participation. And then when you have a
23 construction manager who already have commitments in
24 place, it makes the marriage a little bit more easier.
25 But, in this particular project, we over, we

1 overstepped the goals that was dedicated on the
2 project. And one way that we do this is how we go out
3 and bid our projects. And Ben works directly hand and
4 hand in ensuring that each major subcontractor brings a
5 minority participation to the table. And whatever that
6 particular commitment is negotiated on, that is written
7 into his contract and then from there, at the office I
8 oversee that.

9 Ben, do you want to add a little bit to that
10 in reference of how we --

11 MR. KAPLAN: I guess I would like to ask a
12 question. What part of our process are you most
13 interested in hearing about?

14 MR. FISHER: Well, my guess would be, we would
15 like to hear what part of your project is working and
16 what kind of things you have in place that can address
17 some of the things that you have heard from our earlier
18 panels. I guess we want to try to utilize your
19 experience in terms of addressing some of these
20 problems you are hearing here this morning.

21 MR. KAPLAN: Okay. Sort of quantifying
22 somewhat what Herb has been talking about. The
23 approach that we take to try and deal with the issue of
24 including, maximizing the inclusion of minority and
25 female disadvantaged businesses in our subcontracting,

1 is really, it is based on the fact that we form in each
2 of our business units teams that, in Philadelphia. And
3 that is really for this region, Eastern Pennsylvania,
4 Southern New Jersey, Delaware. Herb and I form the
5 core of that team. Herb's role is director of
6 community affairs, is to try and be out in the
7 community as much as he possibly can, basically, he is
8 out there full time, meeting with people, trying to
9 identify either companies that are already capable of
10 working with us, or companies that may eventually be
11 capable of working with us. And also he tries to tag
12 the ones that he thinks with a little bit of our help,
13 can make that leap.

14 My role in general, I run as purchasing
15 manager, all the procurement that we do in this region.
16 So, it represents a couple of hundred million dollars a
17 year in construction contracting. So, obviously my
18 focus is rather widespread. It involves all the
19 contractors we do business with. In working with Herb,
20 he helps me narrow down the focus in identifying those
21 contractors and bringing them to the table.

22 You are going to hear, I guess, in a little
23 while under your Panel IV Successful Initiatives from
24 the players at the University of Pennsylvania in the
25 Sanscom Common Project, which was an extremely

1 successful project, that really came down to having a
2 bunch, having all members of the team commit to the
3 success, the definition of success and by that I don't
4 mean preestablished goals, because there aren't
5 weren't. And then following through on what they said.
6 The union has participated. They were brought in
7 early, made commitments and honored those commitments.
8 The University was very supportive throughout the
9 process. And the approach that was taken, we did not
10 just try and identify subcontractors who we could
11 contract with directly, Herb spent a lot of time
12 identifying second and third tiers of contractors,
13 bringing them to meetings, our pre bid meetings with
14 the prime contractors and making the marriages that
15 eventually led to their inclusion in the project. And
16 a lot of those marriages were negotiated even after the
17 fact. That is one of the positives of the private side
18 of the business, you have a little bit of latitude in
19 determining how the work gets put together. So, that
20 is really what the basis for making that project
21 successful was. And that is a process we try and bring
22 to all of our projects.

23 MR. FISHER: Let me ask a question and then I
24 guess we will open it up. But, you heard from a number
25 of the subcontractors in terms of some of the

1 treatments they get once they have been signed on as a
2 subcontractor, I assume Turner would be, do you have
3 any kind of mechanism that monitors the relationships
4 between the general contractor and the subcontractor
5 that, for example, assures that the subcontractor gets
6 paid on time and gets paid what, do you get involved at
7 all in any of the relationship between the general and
8 the subs?

9 MR. KAPLAN: Well, understand that most of our
10 contracting scenarios, not all, but most, although we
11 are a construction manager, we actually hold the
12 subcontracts directly. So, the payment generally comes
13 from us. I think one thing that is important to note,
14 is that is an industry, payment of, the flow of money,
15 the flow of funds is an industry problem. It is not
16 just a problem for the minority subcontractors.
17 Certainly, small contractors in general have cash flow
18 problems. They just can't absorb, they can't front the
19 money the way some larger, better capitalized companies
20 can. We have tried in general to, I guess the industry
21 standard you would say owners pay contractors within 30
22 days, and it generally takes between 35 and 45 days by
23 the time the subcontractors get paid. That is when
24 things are working well, as anybody involved in the
25 industry knows and it can be worse, it can be a lot

1 worse.

2

3 MS. SHAPIRO: Is that on top of the initial 30
4 days?

5 MR. KAPLAN: Well, the process would be,
6 generally you will bill for a month, so take the month
7 of January, somewhere around the 28th of January you
8 put together a bill, up through the 30th of January,
9 that would get submitted on the first of February. And
10 a subcontractor could expect to be paid somewhere
11 between the 7th of March and the 15th of March. And
12 so, when you look at it, the work they did on January
13 1st, they are not getting paid for until the middle of
14 March. As I say, that is a problem. That is an issue
15 in the industry in general. What we have tried to do
16 on special projects and frankly, it requires the
17 support of our owners, our clients, because they are
18 the source of the money, we try and arrange maybe
19 payments on a two week basis. Trying to come up with
20 creative ways to fund those contractors that are not as
21 well capitalized as some of the others. But, honestly,
22 those types of projects, those types of situations are
23 few and far between.

24 MR. FISHER: If you know, is a 10 percent
25 retainage, is that common in the industry where a

1 general holds back 10 percent of each invoice on their
2 subcontractors? Is that a general practice?

3 MR. KAPLAN: Yes, except for certain
4 government work, where there will be, which will
5 actually establish slightly lower percentages.
6 Actually some government work will actually have higher
7 percentages. But, generally, there are some entities
8 that contract with less of a percentage. The industry
9 is 10 percent. Now, generally what will happen is,
10 either at a 50 percent complete, you will stop holding
11 retainage or somewhere after 50 percent you may start
12 reducing the amount of retainage. If you stop holding
13 retainage at 50 percent, it has the effect of a sliding
14 scale. You are at 50 percent complete, you have a 10
15 percent retainage. By the time you get to 100 percent
16 complete, in effect, you are down to a five percent
17 retainage. Those types of things are pretty much
18 common in the industry. But, that money gets, does get
19 held pretty much across the board.

20 MR. FISHER: How about the term "back charges"
21 and what do you know about the frequency, if it is, of
22 generals changing the invoice of a sub or things like
23 that? Are you familiar with any of those?

24 MR. KAPLAN: Sure. Back charges, the premise
25 behind the back charge is that a subcontractor had

1 certain obligations under their agreement, which they
2 did not discharge and generally had to be discharged by
3 somebody else. The general had to go hire somebody
4 else to do the work and incurred a cost to do it.
5 Probably 90 percent of the back charge issues that
6 arise in the industry relate to cleaning.
7 Subcontractors have an obligation under a contract to
8 clean up after themselves. And that, there are various
9 degrees of that. There is something called center
10 pile, which is if somebody is putting in ceiling tiles,
11 you see above you, and they cut them, at the end of
12 their work day, they push all those into a big pile in
13 the middle of the room and then the GC would have a
14 labor force that comes in and cleans them up.
15 Sometimes they have an obligation to pick up those
16 ceiling tiles and put them in a trash shoot or a
17 dumpster. Where the argument comes in, is the GC walks
18 into the room at the end of the day, and the tiles are
19 scattered all over the room. So, they have to pay
20 somebody for an hour to clean up the room as opposed to
21 15 minutes to just load the pile into a dumpster. And
22 then the GC looks to recoup the cost they spent from
23 the subcontractor, who they feel didn't do the work.
24 The argument comes in and it is very difficult to agree
25 what the appropriate back charges under that situation.

1 So, that is why you will see general
2 contractors holding back money from subcontractors
3 under that premise.

4 MR. YOUNG: One way to avoid that is the
5 subcontractors has to understand what his contract
6 states. He has to really understand that, you know,
7 what he is responsible for while he is on the job site.
8 And if that is understood, then, you know, if he
9 follows that rule, then he can avoid certain things
10 like this, what Ben is speaking of.

11 MR. FISHER: So, in your particular case, your
12 contract is directly with the subcontractor, a written
13 contract signed by the subcontractor.

14 MR. KAPLAN: Yes.

15 MR. FISHER: Does the subcontractor have any
16 contract with the general contractor?

17 MR. KAPLAN: Well, there is a number of
18 different delivery systems we call them, that owners
19 have for getting the work completed. The traditional
20 and the government, state and federal governments we
21 use, is the typical lump sum contract to go out to a
22 lump sum bid. A bunch of general contractors bid it,
23 the low bidder gets the job and they subcontract out to
24 the marketplace.

25 In the private side of the industry, there is

1 a little more latitude, and what many owners have
2 recognized is that you can hire a construction manager,
3 who will be part of your design process, get involved
4 very early. Instead of bidding the job competitively
5 to GCs who then in turn bid it themselves, directly on
6 behalf of the owner, we would bid to the excavation
7 contractor, to the heating contractor, to the concrete
8 contractor. In that case we are generally called a
9 construction manager. And those contracts flow through
10 us. The net result is the same. Turner, for instance,
11 would be called a general contractor or a construction
12 manager, depending on the nature of the particular
13 business deal we are involved in.

14 DR. WOODS: I would like to go back to where
15 you have, you are out in the community and looking for
16 the companies and if what you said is if a company is
17 capable. How do you define a company being capable?
18 What is it that they would need to do to be or how is
19 it they need to be, would need to be, in order for you
20 to accept them as capable?

21 MR. KAPLAN: There are a couple of different
22 answers to the question, but the first, I guess the
23 first point to make is that capable, there is a
24 different definition of capable for every situation
25 every contracting situation. I contract, I go out and

1 I buy concrete packages that are worth \$15,000.00. I
2 go out and buy concrete packages that are worth 10
3 million dollars. Obviously, I have to go, I go to
4 different subcontractors for those situations.
5 Somebody who is capable of doing a 15 or a 100,000
6 dollar package, may not be capable of doing even a
7 million dollar package. So, the capability, in the
8 first case, one of the first things we will look at, is
9 the financial capability, because as I, you know, you
10 outline the timing that is involved there, if you are
11 going to do a job that has a million dollars worth of
12 concrete work, and you have two months to do it,
13 effectively, you are going to put most of that million
14 dollars worth of work in place and have to pay for it
15 as a subcontractor, before I ever pay you a dollar.
16 So, if you don't have significant financial resources,
17 you can't do that contract.

18 Now, if it is a million dollar contract over
19 two years and that means it only means \$50,000.00 a
20 month, and that two months in the scenario, that means
21 you only need \$100,000.00 financial resources to
22 support the job, the definition of capability changes.

23 Also we will look at the nature of the work
24 itself. If you are doing a fancy concrete job that is
25 where the concrete is actually architecture, those

1 require special skills, special experience. If it is
2 more of a traditional concrete, you know, maybe take it
3 simple as concrete driveways, concrete sidewalks,
4 simple building foundations, different level of
5 experience and expertise is required in order to be
6 able to do that.

7 So, those, so capable has a lot of different
8 definitions. And that is why, one of the things we
9 found to be very effective is sometimes it is actually
10 easier, works better for us, I will take a package that
11 is, I will take a three million dollar package, and
12 maybe throw those sidewalks and driveways into the
13 package and then tell the more capable contractor, "I
14 want you to go this other contractor that we have
15 identified and help them through the process." So, in
16 terms of delivering the product to my client, I know if
17 that small subcontractor is not able to do the work,
18 the bigger subcontractor can sort of step in and help
19 him out and get the job done for the client. So, I
20 sort of have a backup plan in place. I also know they
21 are getting good advice from somebody who has a vested
22 interest in their success, because if their quality
23 isn't good and they are not on time, I am going to go
24 after the prime. So, that prime is making sure that
25 their sub, subcontractor, their second tiers of

1 contractor is doing a good job.

2 Also our subcontractors, because they are not
3 necessarily tied to the owner in the funds, sometimes
4 will fund them a little better. They may help them
5 make weekly payrolls. They will get a little more
6 creative in how they finance those things.

7 So, when Herb identifies someone he thinks is
8 capable and we talk to them and learn a little bit
9 about them, we often, as I mentioned earlier, those
10 marriages, that is where those marriages can be very,
11 very effective. It is easier to do \$100,000.00 of work
12 as a second tier subcontractor where you are stepping
13 up a little bit and increasing your experience under
14 the mentorship of a stronger subcontractor, then it is
15 to do it directly for me. And once you have done that
16 \$100,000.00 job, you have that experience, and it helps
17 you be ready to take that direct contract with me and
18 then hopefully begin to grow.

19 DR. WOODS: So, if I were a, going to
20 subcontract with you, I would need to know and I am
21 trying to summarize what you just said, is that I need
22 to be financially capable of funding my part of the
23 project for a given length of time and I need to be
24 qualified to do the job, depending on what the job is.

25 MR. KAPLAN: Absolutely.

1 DR. WOODS: Okay. Thank you.

2 MS. SHAPIRO: Clearly, Turner has made a real
3 commitment with 42 offices and 42 directors of
4 community affairs to creating opportunities for
5 minority and women owned businesses. I would like to
6 know what, where that comes from, you know, why you
7 believe it is good business to do that? How it has
8 helped you as a company? And if you have any
9 suggestions for others who would be interested in doing
10 it, you know, what the best way is to go about doing
11 that? Clearly, if you have made the commitment to have
12 these people in place to do the outreach, such as Mr.
13 Young is doing, we have heard all morning that you have
14 got to have that kind of commitment within companies
15 like yours from the get go. But, could you talk a
16 little bit about the benefits of what you are doing?

17 MR. KAPLAN: Sure.

18 MS. SHAPIRO: And the drawbacks.

19 MR. KAPLAN: Okay. Simply, you were right
20 with your very first part of your statement, that it is
21 good business. Our company philosophy has always been,
22 we are the largest general contractor/construction
23 manager in the United States. We do over four billion
24 dollars worth of work in place, actual construction
25 performed in any given year. However, because of the

1 number of offices that we have, we don't, we are not
2 this big contractor based out of somewhere else. We
3 really believe that we are a local contractor, our self
4 perception in individual offices. We have 160 people
5 that work out of Philadelphia at 1800 JFK. Probably of
6 that 150, 130 to 140 are Eastern Pennsylvanians,
7 Southern New Jerseyans. We are all from this region.
8 We are not a bunch of people from, you know, we didn't
9 come from Boston or Florida or -- And this is our, this
10 is our home. So, you are making an investment in a
11 community that you believe in and you think you are
12 going to stay in.

13 In the long term, we do a lot of different
14 things. We are involved besides just the minority
15 outreach, something we do called Youth Force 2000,
16 which is we go into the elementary schools to try and
17 interest children in working in the construction trades
18 and working in, you know, as construction managers,
19 because in the long term, we believe it is good for the
20 industry. Construction is not generally considered a
21 very attractive industry as kids come up. And if we
22 don't support small businesses to grow into larger
23 businesses we are not going to have the source of
24 expertise that we need to go and build the jobs.
25 Because we don't actually build anything ourselves, we

1 subcontract out everything.

2 The other thing is it is, we really believe
3 that the community has reciprocated in supporting
4 Turner in return for our support, just in recognizing
5 us as a local contractor and contractor of choice. A
6 lot of our work is negotiated. And, therefore, the
7 owners have the opportunity to select who they like.
8 And you need to differentiate yourself from the pack.
9 And this is a very important area for us to make
10 ourselves different and more attractive.

11 As far as how people, what people need to do
12 or what other contractors can do to do this, to get
13 involved. You need to commit to it, absolutely, at the
14 highest level of your organization, you know, as a four
15 billion dollar corporation, the commitment to minority
16 programs comes from the chairman of our board and the
17 CEO of our company. Hilton Smith, who Herb mentioned,
18 I wouldn't be surprised if a lot of you haven't run
19 into Hilton over the years, is a senior vice president
20 in the organization. Locally, in our local office, our
21 home grown office, we have that same commitment.

22 So, I believe that is, I think that is what
23 makes the difference. You have to believe it. If you
24 just go in and a client requires it, so you go through
25 the motions on a particular project, you will have some

1 results, but you are not going to have, you aren't to
2 going to be truly affected.

3 MS. SHAPIRO: Again, I have to relate to my
4 disability rights experience and I know that we are
5 always, people with disabilities are historically the
6 most under employed in our country. And we are
7 constantly looking to large corporations who have come
8 out with studies like Dupont and Sears and others,
9 where they have studied the efficacy of hiring people
10 with disabilities. And we can point to statistics that
11 say, yes, this is a good thing to do. Are there any
12 similar studies from your company or other companies,
13 contractors that you can name or point us toward that
14 documents the fact that this is a good business
15 practice and that it is a good thing to do.

16 MR. KAPLAN: I guess one resource that I would
17 refer you to would be Hilton. Certainly, because he is
18 the one that does this on national basis and also pulls
19 together all the information that the teams that Herb
20 and I represent, are representative of across the
21 country. Hilton is kind, he is our guru and knows
22 everything and knows where everything is and knows who
23 to talk to answer that, to get that kind of
24 information, if it exists. Personally, I don't know
25 that, what those studies might be or where they are.

1 MR. FISHER: Would you happen to know what
2 percentage of Turner's business goes to minority firms
3 and what the dollar amount would be in relationship to
4 the total volume of dollars?

5 MR. YOUNG: Well, I can, I don't have the
6 total dollar volume that we did in 1997, but as I
7 stated, we submit reports every year. And I did bring
8 a copy of our report from January to December of 1997.
9 And that total, a grant total of basically in the
10 minority businesses, we spent 213 million, 699 thousand
11 across the United States in 1997. We also spend a
12 117.4 million dollars in women owned businesses across
13 the United States. And a combined total we had also
14 joint ventures, where we go out and we do joint venture
15 projects with minority owned companies. We spent over
16 792 million dollars in 1997 with minority owned and
17 women owned businesses throughout the United States.
18 And this is, like I stated, we do a lot of government
19 work, so a lot of our numbers has to be validated and
20 even on the Sansom Common Project, the numbers that we
21 are using are being validated by GPUAC, Greater
22 Philadelphia Urban Affairs Coalition. So, in other
23 words, what I am saying, we just can't say we are doing
24 it, it has to be validated. So, overall we did a
25 significant total of 1997.

1 MR. FISHER: You don't have Philadelphia
2 broken out there?

3 MR. YOUNG: Oh, yeah. Yes, I do.

4 MR. KAPLAN: Just one other point on those
5 numbers, because I think it is significant. That 792
6 million dollar in 1997, was accomplished by awarding
7 1,959 separate minority or female or contracts to 1,959
8 minority or female business enterprises.

9 MR. FISHER: And that 792 million was out of a
10 total of what?

11 MR. KAPLAN: Well, our annual work in place is
12 four billion, but there is back log, so it is, so my
13 guess it is somewhere in the neighborhood of three,
14 three and a half, it is a little hard to tell. But,
15 the actual, because backlog carries over, we were at a
16 little less than an actual.

17 MR. FISHER: And how about Philadelphia, I am
18 just curious?

19 MR. YOUNG: Well, I am sharing with you what
20 we did in Philadelphia. In 1997 we had 41 ME
21 subcontracts, and I do believe that was prime, when we
22 say 41, that was prime. Of 20,192,000 and female
23 businesses of 41 contract awards of 8,850,000. And
24 that was in 1997 from Philadelphia.

25 MR. FISHER: So, that was eight million out of

1 21, is that what --

2 MR. KAPLAN: No, it is about, it was a
3 combined total of roughly 30 million dollars.

4 MR. YOUNG: Right.

5 MR. KAPLAN: And representing about 80
6 separate awards.

7 MR. FISHER: And that 30 million out of how
8 much in Philly?

9 MR. KAPLAN: The total, initial contract
10 awards was about, I think '97, it was somewhere in the
11 range of about 135 million, 130.

12 MS. SHAPIRO: We have heard a lot today about
13 union versus non union labor, workers. How does Turner
14 achieve that balance between using union and non union
15 people? Do you influence that? Do you have a role
16 that you play there and if so, what do you do?

17 MR. KAPLAN: Different answer in Philadelphia
18 than you would get for instance in New York. Some of
19 our offices are strictly union. This environment,
20 Philadelphia, itself, is a strong union area. Some of
21 the outlying areas, there are mostly other, in the
22 outlying suburbs it is a lot of, what is called merit
23 shop work, which can be either union or non union.

24 As far as striking the balance, I guess, we
25 do work that is both union and we do work that is merit

1 shop. I happen to believe, I personally feel strongly
2 that the union is good for the construction business,
3 because once you are within the union it does provide a
4 good support structured training and a lot of, there is
5 a lot of good that comes out of it. Part of the
6 problem or the challenge sometimes is getting into the
7 union. That is something we have been focusing on a
8 lot in Philadelphia, recently and I believe starting to
9 make some, some inroads into increasing. A lot of
10 people, at a lot different levels, the Building Trades
11 has been supportive. Certainly, a lot of the people
12 you will be talking to, I see, from the list, have used
13 a lot of their influence to try and open up
14 opportunities within the union programs. And it is
15 kind of, it is a difficult question to answer. We
16 don't, I am not sure how we, I don't know that we
17 necessarily strike a balance. Some of our clients will
18 say we want the most qualified contractor, at the best
19 price that you can, best fair and reasonable price we
20 can get that contractor for. And they don't are
21 whether it is union or not, as long as the work force
22 is qualified. And that is sort of the definition of
23 merit shop.

24 I don't know if I answered your question.

25 MR. YOUNG: Can I just add something to that

1 as far as the labor is concerned? As Ben stated, what
2 we did on the Sansom Common Project, we met with all
3 the trades, business agents. We brought them in and
4 had an open meeting. And we asked them to support us,
5 to support our prime subcontractors when they called
6 down to the, you know, to the place, to the union hall
7 to see if they can have any people available, could
8 they have people that lived in the West Philadelphia
9 area. And they said they would support us in that.
10 And what also, what we also asked them to do would they
11 support us in bringing people who are not in the union,
12 who are going to be taking the exams, and hire them as
13 helpers, in that particular area of trade, during that
14 duration of time while they are going on site. They
15 supported us in that. So, what we tried to do was we
16 had an apprentice class going in conjunction with the
17 University of Penn, which they sponsored it, and what
18 Turner did was just bring our resources, our people to
19 the table to help train them and, you know, give them,
20 show them films on, you know, safety on the
21 construction site and things like that. And we talked
22 to them about what to, you know, how to act and what to
23 prepare to be when you come to a construction site.
24 But, the bottom line is that we were able to put in our
25 subcontract agreements, sponsor, to helpers from West

1 Philadelphia.

2 Now, it goes back onto the individual who had
3 an opportunity, now he must now take advantage of that
4 opportunity, come in and do the work as well as go back
5 and pass the exam. Because if he doesn't pass the
6 exam, once the trade is done, he is done. But, if he
7 passes the exam, then that person now becomes a part of
8 the union. And we were able to sponsor at least three
9 or four people from the West Philadelphia area, through
10 the cooperation with the unions and our subcontractors
11 that was negotiated, you know, by Ben in the meetings.
12 So, we have people right now that are working on the
13 site, today, that came in on a Thursday, was working
14 now on a Monday, because they were able to do their
15 part as well as we were able to do our part. And this
16 is what the University of Pennsylvania sponsored in the
17 program.

18 And we are still working on the apprentice
19 program today, which now we have another subcontractor
20 who is going to come in and provide some leadership and
21 training in one of the trade areas that wasn't done
22 before. So, we are constantly involved. When Ben says
23 I go out to the community, these are the things that I
24 will be trying to do. Because you can have, you can
25 only have so many positions, but if you have less

1 people, you can't, you know, and plus when you have got
2 a place like Philadelphia, you only have 50 people in
3 that union, everybody is going to try to get one of
4 those minority, whether it is female or male, to be on
5 their project. So, you have to have more, a pool --

6 MR. KAPLAN: Your next panel will have a lot
7 to say, I think, about that issue of pre apprenticeship
8 training and how you, because the people I see who are
9 going to be here, have put a lot of their time and
10 effort and will into making something happen there.

11 MS. SHAPIRO: It seems to be the key.

12 MS. TARR: Are you familiar with New York's
13 Wickes Program that seems to bridge at some of the
14 problems between contractors and subcontractors that we
15 had just heard about?

16 MR. KAPLAN: The only familiarity I have with
17 them, in terms of Wickes Law, which is the multiple
18 prime. We actually will not participate in Wickes Law
19 projects, because the -- Our perception of Wickes Law,
20 Wickes Law projects, is that when you have multiple
21 primes and generally it is four or five primes, you
22 will have a general contractor, a plumbing, heating and
23 electrical, nobody is in charge and nobody is directing
24 traffic. And it becomes very difficult to, it is very
25 difficult to have successful project, in our opinion,

1 under that scenario. We do that, we do actually break
2 it up, we break it up into more packages than a Wickes
3 Law job. We generally will have 25 different
4 subcontract on our typical jobs, usually it 20 to 30.
5 But, we are in charge. And when the electrician and
6 the plumber have a disagreement, we decide. And that
7 makes the whole process go, go smoother. When you have
8 two equal parties at the table and they disagree, you
9 have a problem. And then they have claims against each
10 other and it gets, it gets complicated. So, we have
11 actually have opted out of Wickes Law projects.

12 MR. FISHER: Okay. Let me thank Mr. Kaplan
13 and Mr. Young for an excellent presentation. And now
14 at this time I will turn it back to our Chairperson.

15 MS. SHAPIRO: Yes, I would like to thank you
16 as well. It was very informative and we appreciate
17 your coming and we are sorry the others did not.

18 MR. THUY: Can I ask a question before we stop
19 discussion?

20 MS. SHAPIRO: Okay. Very briefly.

21 MR. THUY: Okay. You are talking about the
22 capability, financial capability of a subcontractor,
23 how do you determine that?

24 MR. KAPLAN: I will ask for audited or
25 actually ask for financial information. Generally on

1 large contracts, for high risk contracts I will look
2 for audit information. And by that I mean, if I am
3 going to do a 20 million dollar deal with somebody.
4 Generally, they want some kind of financial statement.
5 And what I am most interested in is their working
6 capital because their working capital tells me what
7 they have to work with, to fund the job on a daily
8 basis. And also their net worth. Because if a company
9 has a \$5,000.00 net worth, who wants to sign a million
10 dollar contract with me, if they made a mistake in
11 their contract, that was going to cost them \$50,000.00,
12 but they are only worth \$5,000.00, the prudent business
13 person says, I should walk away, if they did strictly a
14 financial analysis, it costs me \$5,000.00 to close my
15 company or \$50,000.00 to finish the contract, what do I
16 do? So that is kind of the analysis that we go through
17 when we look at.

18 MS. SHAPIRO: Okay. Thank you again, very,
19 very much.

20 We are going to take a break now for lunch.
21 We will reconvene at 2:00 p.m. And we look forward to
22 seeing you all back.

23 (Whereupon, at 1:00 p.m., the meeting was
24 recessed, to reconvene at 2:00 p.m., this same day,
25 Thursday, January 14, 1999.)

1 A F T E R N O O N S E S S I O N

2 (2:00 P.M.)

3 MS. SHAPIRO: If we could have your attention,
4 we would like to ask if we could settle in and start
5 our afternoon session. We hope you all had a good
6 lunch.

7 Before we begin with Panel number IV, we have
8 decided that we would like to offer a window of about
9 10 minutes to folks from the audience, who may have
10 some observations or comments that they would like to
11 make concerning the testimony that was given during the
12 morning session. We know that several people had
13 indicated that they wanted to make comments. And so we
14 would like to give you that opportunity now. So, if
15 anyone has something they would like to say regarding
16 what was heard this morning, or a comment that is
17 relevant to that information, now is the time, if you
18 would like to do so, just come on up here to the
19 microphone and we will take you in turn for the next 10
20 minutes. Briefly, yes, please, try to be very brief,
21 so we have enough time for a number of people to do
22 this.

23 MR. BELL: Okay. I want to be very brief.
24 My name is Michael Bell, I am the director of Minority
25 and Women Business Development for the Redevelopment

1 Authority. There was a statement made this morning by
2 Clinton Connor of the NAACP that during the
3 construction phase of the Redding Terminal Head House
4 Marriott, there was no minority participation during
5 the professional services phase of that contract. And
6 I want to refute that. We do have documented evidence
7 of minority participation approaching 17 percent during
8 the professional service phase. That is information
9 that was requested from the Office of Housing and
10 Community Development of which we forwarded to them and
11 they were able to verify. And on that information, I
12 just want to for the record, to state I don't know
13 where Mr. Connor got his information, but he did not
14 come to us at the Redevelopment Authority as we are the
15 owners on that project, to, in fact, find that
16 information.

17 Also, there was some statements made that no
18 one in city government has any oversight
19 responsibilities and I wanted to directly refute that
20 also, just from the perspective of the Redevelopment
21 Authority. We are funded by HUD and one of the
22 requirements of contractors that work with the stream
23 of funding is that they submit Section III reports.
24 And that is my area of expertise, analyzing the Section
25 III reports. And, in turn, submitting these reports to

1 the Office of Housing and subsequently they are
2 reviewed by City Council in order for our Community
3 Development Block Grant Funding to be approved. And
4 during 1997, late 1997 and all of 1998, we have had an
5 excellent reporting requirement and if contractors do
6 not submit those, we do have the authority to stop
7 payment on projects. And it is from these reports that
8 we are able to see whether from the Affirmative Action
9 plans that are approved for projects, for MBE and WBE
10 participation that there is, in fact, the
11 participation. And if they are not hiring people from
12 certain zip codes or from the Philadelphia-area, then
13 we do have the authority to stop payment and that has
14 been our most effective weapon of making sure that we
15 get compliance on federally assisted projects.

16 I just wanted to make that comment for the
17 record.

18 MR. FISHER: I think also part of what, at
19 least I heard this morning, was that there is little or
20 no follow up or monitoring of these contracts. So, my
21 question would be, is there a mechanism in place in
22 your department that not only do you get reports from
23 contractors, do you have a mechanism to find out
24 whether the reports are accurate or whether they are
25 valid or --

1 MR. BELL: Well, myself and my assistant, who
2 is here, Christina Davis, when we receive the reports,
3 we immediately put them up on an spreadsheet. We look
4 for people from a specific zip code. And like I said,
5 for the MBE and WBE firms that have been approved.
6 What happens is, we receive an economic opportunity
7 plan from a developer, before a general contractor is,
8 in fact, hired. When we receive that economic
9 opportunity plan, we are looking for the opportunities
10 for businesses from a specific zip code and surrounding
11 zip codes. And we do have a mechanism, if we don't get
12 the report and when we get the reports and we don't see
13 the minority or female owned businesses that have been
14 committed to, before the plan has been approved, then
15 we are immediately talking to the general contractor
16 and if we don't get the answers we like, then we are
17 writing a letter to the owner. And then if something
18 is not retrofied at that point in time, we are stopping
19 payments on the contract.

20 MS. SHAPIRO: Okay. Mr. Bell, you are going
21 to be part of a panel later.

22 MR. BELL: Right.

23 MS. SHAPIRO: So, I am looking to hear from
24 people from the audience who are not going to be panel
25 presenters at this juncture, who may have comments

1 about what was said thus far at this forum.

2 MR. FIELDS: My name is Percival Fields, I am
3 a minority contractor. I am also an economic
4 development specialist. And I just want to comment the
5 fact that about the five years ago I did as a minority
6 contractor, I did a demolition job on an old school
7 building. And my task was to employ local neighborhood
8 people in the process of doing the demolition work.
9 And in the course of doing that process, I did file a
10 complaint to the Civil Rights Commission based on bias
11 and "old boy" network, processes that the general
12 contractor were using. A lot of what I heard from the
13 audience today about write downs and back charges and
14 all of that, came about in that process. And it was
15 because of the fact that the Affirmative Action people
16 that were responsible in the City of Philadelphia,
17 really didn't know what they were doing. And it wasn't
18 on my interim. The contractor seems to have the upper
19 hand. They seem to have, they were afraid to talk to
20 the owner, the property, political ties were so heavy
21 in it, that if you are minority contractor, it just
22 doesn't work. The process of it is, God bless that I
23 was able to finish the contract, taking my own money,
24 my partner's money, we paid everybody off, we completed
25 the job. But, what shocked me was the fact the Civil

1 Rights Commission that I filed, said that because we
2 are a business, that there was nothing they could do.
3 And I would have to go and file a lawsuit, if I wanted
4 any type of retaliation. I filed the suit because of
5 the fact that I read an article in Ebony Magazine,
6 about the old boy network. And the old boy network was
7 simply a racism type of policy, to make sure that a
8 contractor failed. It was not made to be successful.
9 And the process that I have heard today, it is still
10 going on. So, I think that somewhere down the line,
11 something has to be done and looking at the policies
12 and the things that has been done in the past, and
13 correcting those things and begin to monitor from that
14 point on out. Thank you.

15 MS. SHAPIRO: Okay. Thank you. And could
16 you please leave your card or certainly sign in in the
17 back with information where we can contact if we have
18 any further questions.

19 MR. FIELDS: Yes. Thank you.

20 MS. SHAPIRO: Okay. Thank you.

21 Any other folks who would like to comment at
22 this point regarding the testimony from this morning
23 from our presenters?

24 MR. DUVALL: Good afternoon. My name is Larry
25 Duvall. I am president of an engineering firm, a local

1 in Philadelphia here. The reason why I am here today
2 is not to criticize some of the comments. The reason
3 why I am here is to present some of the facts. I
4 haven't been in business for 100 years, but I have been
5 in the field of engineering and construction for at
6 least 25 years. The testimony actually goes for
7 working for a very prominent engineering firm, locally
8 here, which is Dan Zimmerman. So, four years ago, I
9 thought about starting a company to support African
10 American community as well a need of disadvantaged
11 business groups. But, for three years now, I have
12 discovered a very serious decrement in process of
13 securing contracts. I am very fortunate that my
14 academic background is very strong. But, at the same
15 time I am finding it very difficult, you can imagine
16 with my -- degree from Western Pennsylvania,
17 Architecture, Engineering Degree from Europe, spent
18 almost 10 years with Dan Zimmerman and still
19 struggling. It is amazing, the intensity of the whole
20 process.

21 I will tell you one reference, and I think
22 that will be enough. The political environment within
23 the system, especially in Philadelphia here is so
24 strong. Someone had mentioned of a -- well, if you
25 don't own part of that package, it is almost

1 impossible. Go back to history, a certain group -- for
2 instance, someone who in fact was one of economist
3 here, had mentioned somebody about Transportation, DOT,
4 she said, well, as far as the government program in
5 Transportation everything is perfect. It is not true.
6 I have evidence here, this is Black Concourse, okay,
7 material, it is not -- Therefore, mentioned here is by
8 D.B.E. Panel gets into details, in fact, who lead that
9 was Gordon Linton. If you read all what he has
10 summarized here, it is amazing. It is amazing because
11 someone said, yes, the Department of Transportation met
12 all the DBE program requirements and compliance. It is
13 not true. This information, I can make a copy of it
14 and you take it and read it.

15 The reason why I am saying this, is that if
16 you don't understand the process of securing contract,
17 it is almost impossible. Now, let us just also step
18 backward and say, how about professional services?
19 Professional services they are part of the whole
20 program. There are some other elements of it, in --
21 and just only construction union so on and so forth.
22 With my experience for 10 years with a very strong
23 engineering firm, I have not really actually understood
24 that there is certain things that we have to do in
25 order to align ourselves for future. If we don't have

1 engineers, if we don't have the architects, if we don't
2 have the designers, who understands some phase of that
3 construction, how would you, in fact, be involved in
4 actual, you know, construction? It is very difficult.
5 And, therefore, I feel that somehow, the government has
6 to come up with a definite program, that must be
7 implemented in terms of monetary. You cannot expect an
8 agency that has a DBE program or an Affirmative Action
9 Program to monitor it themselves. By nature, human
10 actually try to protect themselves or ourselves. So, I
11 said to you that you will be well -- if our government
12 will understand the difficulties the DBEs are. We are
13 not saying give it to us free. We will work hard to
14 actually meet all our requirements.

15 One reference, the least, and not the last,
16 is we are afraid to work. This is from the Mayor of
17 Philadelphia. If you will call -- you know what, let
18 us say this to my company, do you have position for two
19 or three African American or disadvantaged individuals
20 that can work for you on the training, you know,
21 conditions. If you can hire them, we will be more than
22 very, you know, happy to, you know, see that such goes
23 well and we will congratulate you. How can someone,
24 who like me, struggling to secure a contract, which, in
25 fact, I find it very difficult to get into the old boy

1 network, be able to hire these individuals to actually
2 give them a role model, train them and have at least
3 not less than six African American women and Spanish
4 actually on my list that I like to hire as cat
5 operators, but I cannot hire them if I cannot get a
6 job, you know, a contract to support that. And
7 meanwhile, someone is telling me why don't you hire
8 them. I am not saying that Philadelphia has not done
9 incredible job, especially -- but, what I am saying is
10 that it is good for someone, from somewhere, maybe
11 federal government or state government to kind of pay a
12 little more attention to our needs and understand how
13 this program is being actually -- thank you.

14 MR. THUY: Can I ask a question, if I may?

15 Is your company minority owned?

16 MR. DUVALL: Yes, it is 100 percent minority
17 owned.

18 MR. THUY: Black, African?

19 MR. DUVALL: Yes.

20 MR. THUY: You feel because of that you are
21 subject to discrimination in term of contract bidding?

22 MR. DUVALL: No, I have not said that. What I
23 am saying is that the system is very difficult because
24 of the kind of program that is actually being
25 implemented and how it is being monitored. That is

1 all.

2 MR. THUY: And as far as the old boy system is
3 concerned, is it African, white or what?

4 MR. DUVALL: Well, it is everybody. In fact,
5 old boys means if you don't belong to a certain group,
6 you don't. And which means the majority. It has
7 nothing to do with my background because according to
8 federal regulations, it will be definitely this
9 commission, it has something to do with -- background.
10 What I am saying is that old boys network is mostly the
11 majority. And if you don't belong there, it is very
12 difficult. Thank you very much. I am sorry about
13 this. Again, thank you.

14 MS. SHAPIRO: Thank you very much. And if you
15 could submit copies of the material you showed us, the
16 letter from the Mayor and that newsletter, we would
17 very much appreciate you doing that for the record.

18 MR. DUVALL: Thank you.

19 MS. SHAPIRO: Okay. Thank you.

20 One last person, anyone else who has some
21 comments they would like to make? Yes, briefly. We
22 heard from you this morning, so if it is something new,
23 okay, but otherwise. Okay.

24 MR. BURNETT: I am Ted Burnett from Avis
25 Shirpool Consulting again. What I suggest is you have

1 professionals on the job, who themselves make
2 judgements, but these have to be licensed
3 professionals, so that their licenses are of a value
4 and they will proceed professionally in handling the
5 contracts, particularly payments. They also have a
6 routing system that is usually used and they have
7 instituted a situation where if it goes beyond so many
8 days, as it is handled through the system, interest can
9 be paid on what is finally paid to any contractor, so
10 he is not penalized should something happen. And the
11 time lapses and they don't get paid, they will still
12 get the interest. And again, the direct payments for
13 contractors is quite important. It also helps
14 contractors gain loans to the bank because they know
15 there is a responsible party that is going to be paying
16 them directly for their services. And they will not be
17 getting caught up in the subcontract and tier system.
18 Thank you.

19 MS. SHAPIRO: Thank you. Yes, sir?

20 MR. CALLOWAY: My name is Earl Calloway. And
21 I am the owner of C.E. Franklin, Incorporated, which is
22 a MBE firm. I submitted to you all a letter about my
23 particular problems. I don't want to, you know,
24 belabor the point, but I would just like to make the
25 comment that you were, when you were asking for

1 solutions to our problems, I think that part of the
2 solutions should be some type of an over, an oversee
3 board that will oversee the agencies that are
4 responsible for handling our problems as minorities. I
5 think that we need someone to be able to make sure that
6 our problems are being addressed. And at the present
7 moment that isn't happening because all of our
8 complaints seem to be going on deaf ears and for
9 whatever the reasons. And I think that we need someone
10 in place that we can go to, that has the teeth and the
11 gumptions to be able to make sure that the systems and
12 the laws that are already in place, are being, are
13 being abided by. And at the present moment, that isn't
14 happening.

15 MS. SHAPIRO: Okay. We need to move onto the
16 panel at this juncture. But, I would like to suggest
17 that when we go back into an open forum later this
18 afternoon, if any of you have specific suggestions
19 about who should serve on such an oversight committee,
20 since we have had, you know, 19 recommendations that we
21 have such a committee at this point so far, I would be
22 very interested in hearing that. Okay. Thank you so
23 much.

24 Okay. Our next panel is going to look at
25 Successful Initiatives, Solutions and Exemplary

1 Ventures. And it will be moderated by our Advisory
2 Committee member, Mr. Oliver H. M. Jordan.

3 MR. JORDAN: Thank you.

4 Let's see, the participants in that panel
5 this afternoon will be Michael Bell from the, who is
6 the Director of Minority Women and Business
7 Developments and Redevelopment Authority, Charles
8 Soloman from the Greater Philadelphia Urban Affairs
9 Coalition, who is the director of Community, who is the
10 director of Economic Development. And he knows I know
11 that. And Jack Shannon, who is the director of
12 Community Development, University of Pennsylvania. And
13 let's see we have Jasper Jones, Jesse Woods, Horace
14 Trent and they are from the Center for Economic and
15 Social Justice.

16 Let's see, we can sit.

17 MS. SHAPIRO: Yes, why don't you pull up
18 chairs. I am sorry the table is not bigger. But,
19 certainly when we get to the Q&A at the end of the
20 panel, we will want to ask all of you questions.

21 (Pause.)

22 MR. JORDAN: I guess we can start in the order
23 of the introduction. Mr. Soloman?

24 MR. SOLOMAN: Could we then have Mr. Shannon
25 go first?

1 MR. JORDAN: Okay.

2 MR. SHANNON: First off, Madame Chairperson,
3 and members of the Commission I would like to thank you
4 for allowing us this opportunity to present testimony
5 today.

6 As Mr. Jordan mentioned, I am director of
7 Economic Development at the University of Pennsylvania.
8 And I am here today along with my colleagues, Mr. Bell,
9 Mr. Soloman, to talk about a project that we are in the
10 midst of constructing on campus, called the Sansom
11 Common Project. Sansom Common is a mixed youth
12 commercial development project which is a first of its
13 kind on the University campus. It involves a 257 room
14 hotel, a 60,000 square foot book store, along with an
15 additional 40,000 square feet of restaurant and retail
16 space. The reason it is a significant project is for
17 the first time in recent memory, and Mr. Soloman and
18 Mr. Bell, I think can attest to this, the University
19 really has tried to establish and I think fairly
20 successfully, even though it has been with some growing
21 pains, a community partnership in order to maximize the
22 participation of minority, women, and locally West
23 Philadelphia based business enterprises, in the
24 construction of the project, as well its ongoing
25 operations. And to encourage the employment of

1 minorities, women, and West and Southwest Philadelphia
2 residents in both the construction as well as the long
3 term retail employment phase.

4 Mr. Soloman will talk a little bit further, I
5 am sure about the process we set up in terms of
6 monitoring, which was a point earlier made as to how we
7 go to the results we have been able to achieve. And I
8 will talk about that in a second. And I am sure Mr.
9 Bell as the former property owner, the Redevelopment
10 Authority, has played a key role in working with us.
11 And Mr. Bell, personally, has played a pivotal role
12 with the citizens and community advisory committee we
13 have established to make sure that we do everything we
14 can to optimize the results on the projects.

15 To date we have awarded over 15 million
16 dollars worth of contracts to minority, women owned
17 business enterprises, representing 40 percent of the
18 total value of the work done on the project. We have
19 also been quite successful with the help of Mr. Soloman
20 and committee members as well as with the cooperation
21 of the local trades unions, to ensure that over 33
22 percent of all the hours worked on the job, have been
23 worked by minorities and women.

24 Furthermore, we have been able to employ over
25 125 West and Southwest Philadelphia residents from the

1 construction of the project. That is not where the
2 projects ends, though. We are continually trying to
3 find new ways to build upon these results. Mr. Young
4 and Mr. Kaplan, from Turner Construction, might have
5 shared with you this story and I apologize if I repeat
6 it, but one of the things that we are looking to do, is
7 not only to engage minority, women owned and locally
8 based business enterprises in the construction of the
9 project, but more importantly, to poise them for
10 success on a project and to develop their capacity
11 further.

12 We recently had an example of a fire
13 protection contractor who came onto the job with no
14 bonding capacity. As a result of the work that her
15 firm has done, it is an African American woman owned
16 firm, she now has sufficient bonding capacity where she
17 successfully competed on other work, off the University
18 of Pennsylvania campus and has successfully bid, I
19 believe on jobs involving the Redevelopment Authority
20 as well. We are proud of that because while it is a
21 limited success story, I think it is an important one
22 as to what we are trying to do. It is not just about
23 numbers. It is about building those types of
24 capacities, so that firms have the opportunity to not
25 only compete successfully on the Penn Campus, but also

1 to grow and build their business in a successful way,
2 so that they can compete for businesses off the campus,
3 with an RDA or a private developer elsewhere in the
4 City of Philadelphia.

5 We are also proud of the opportunity we have
6 had to work with Mr. Soloman's organization, the
7 Greater Philadelphia Urban Affairs Coalition and local
8 Building Trades Council to promote the number of
9 minorities and women who are in the building trades.
10 We recognize that is a problem and an issue. I myself,
11 come from the City of Camden, I spent 30 years there
12 and I know that even though I did a lot of projects in
13 the City of Camden, when I looked at the membership of
14 the building trades in South Jersey, they were not
15 representative of the 90 percent African American or
16 Latino American population in the City of Camden. And
17 that is also the case here in the City of Philadelphia.
18 So, with the help of Mr. Soloman and others, we have
19 been able to successfully promote and develop a pre
20 apprentice program whereby West and Southwest
21 Philadelphia residents went through a training program,
22 they have successfully obtained their apprentice cards.
23 But, even more importantly, with the help of Turner
24 Construction and Mr. Soloman, those same individuals
25 were able to work on the job at a pre apprentice rates.

1 They were getting on the job training. And most
2 importantly, a paycheck during the time they were also
3 doing training. And ultimately, when all is said and
4 done, the color green matters first and foremost in the
5 minds of everyone involved.

6 As a result of this project, we are also now
7 working with the Universal Community Homes, which is
8 based in South Philadelphia, but is about to open up a
9 hospitality institute in West Philadelphia to ensure
10 that out of a 174 jobs that are being created at the
11 brand new hotel that I mentioned previously, that West
12 and Southwest Philadelphia residents are trained for
13 positions throughout all of those tiers of a management
14 of a hotel. As a result of that partnership, I am also
15 pleased to announce that Thomas Doubletree, which will
16 be the operator of our hotel, has agreed to take the
17 graduates of that program, and employ them also at
18 their downtown product, at Broad and Locust Streets, as
19 well as their products down at the airport and out in
20 Plymouth Meeting. And we have also signed five other
21 hotels as well.

22 We have also been quite successful through
23 our Skills Development Center at the University of
24 Pennsylvania ensuring that West and Southwest
25 Philadelphia residents, the majority of whom quite

1 frankly are minorities, are employed in the permanent
2 retail positions we have created. Thus far, with
3 regards to the book store and the other retail, 60
4 percent of those jobs are filled by West and Southwest
5 Philadelphia residents as a result of the outreach in
6 community training that was done by the Skills
7 Development Center, that was done by the Greater
8 Philadelphia Urban Affairs Coalition, and that was done
9 by the members of the committees such as Mr. Bell.

10 Ultimately, this has been a learning
11 experience for the University of Pennsylvania. I know
12 firsthand, having had family members who still live
13 right, five blocks away from campus, that Penn has not
14 always been a good corporate or civic neighbor. We are
15 trying to turn that around. There is a heck of lot of
16 history out there. Some of it very, very bad. We
17 recognize that. We are aware of it and we try to learn
18 from our mistakes. We have made significant progress
19 on this project. We have done so in a way that has
20 demonstrated to skeptical trustees and others with in
21 the University, that you can achieve positive results
22 for the benefit of the community, and for the
23 University without having any substantial impact in the
24 construction schedule without going over budget, and
25 making it a win/win situation for everyone.

1 We are about to replicate this program
2 shortly in the development of a brand new movie theater
3 as well as a supermarket project, we are undertaking at
4 40th Street. We are also will employ the same program
5 in our future development of the Civic Center site,
6 along with the Children's Hospital of Philadelphia.
7 The first job on that project is about to be let.
8 Environmental remediation over 40 percent of the
9 economic value of that contract will go to a MBE firm,
10 registered and approved by the City of Philadelphia and
11 over 65 percent of the hours worked will be done by
12 minority and women union members.

13 We have a long way to go. This is not about
14 self congratulation. It is about recognizing a pilot
15 program that has worked and now the challenge for the
16 University and the challenge for the contracting
17 community, the challenge for folks like Mr. Bell and
18 Mr. Soloman and myself, is to replicate that success.

19 I thank you for the opportunity to present
20 this program and on I will be glad to answer any
21 questions you might have at the end of all of our
22 testimonies.

23 MR. JORDAN: Thank you.

24 MR. SOLOMAN: Good afternoon, my name is
25 Charles Soloman. I work for the Greater Philadelphia

1 Urban Affairs Coalition. We interact with the
2 University of Pennsylvania as consultants. And
3 basically, we are involved in monitoring the
4 construction efforts, specifically the Samson Common
5 and there is a BRB II project.

6 I would like to talk with you a little bit
7 about the process in terms of how this effort came
8 about and how the results came about.

9 And basically, I guess approximately two and
10 a half years ago, we met with the University and
11 discussed the relationship that involved monitoring.
12 Then we met with the Turner Construction Company, that
13 was a part of the team of that point. And sat down,
14 this is prior to construction, prior to the efforts
15 starting. And we looked at the project and made some
16 determination about participation for minority and
17 female owned businesses, MBEs, and WBEs. We looked at
18 all the elements of the project in terms of the various
19 trade contracts. And made some preliminary
20 determination about where we could get a level of
21 participation. We ended up with, I believe, a 37
22 percent overall participation for that project. And we
23 proceeded to match up MBE firms where there was some
24 capacity and WBE firms where there was some capacity
25 for the solicitation process.

1 It was an effort that was really guided by
2 the commitment of the University. That was something
3 that was stated very early in the process, that the
4 University was firmly committed to inclusion, inclusion
5 being MBE and WBE firms and with the strong focus on
6 West Philadelphia contractors and securing employment
7 for West Philadelphia residents. And that kind of went
8 through the, it was a thread that went through most of
9 the effort. But, basically allowed us to meet with
10 each contractor to negotiate, if you will,
11 participation levels and taking, for instance, if a
12 contractor submitted a bid that did not include the
13 appropriate participation, we met with that contractor
14 as a team that included Turner Construction, it
15 included the University, and it included the developer,
16 South Partners and we negotiated some type of
17 relationship that gave us real participation, you know,
18 on the project. That was done throughout each phase of
19 the effort and it resulted in 15 or so million dollars
20 of participation on the project that is in the
21 neighborhood of about 40 or 45 million dollars.

22 Another part of that was the focus on West
23 Philadelphia, for the employment of West Philadelphia
24 residents. We asked each contractor to give us some
25 sense of what kind of participation they could get in

1 terms of employment. They gave us a number. Those
2 levels were included in their contracts as an element
3 of the contract and enforceable. If, for instance,
4 they were not successful, it could in fact put them in
5 default of their contract. But, by and large we have
6 had very, very good participation. And we ended up
7 with, I think with, 30, 35, 35 percent participation.
8 And let's talk about that just for a moment.

9 When we talk about participation, we are
10 talking about individuals who either lived in the five
11 county area, or specifically in West Philadelphia. The
12 monitoring process included identifying those
13 individuals from the certified payrolls and from site
14 visits. So, we wanted to be able to document all of
15 the participation. And that was documented in the form
16 of reports that, (1) identified the person, the trade,
17 hours worked, who they are, where they lived and their
18 Social Security number. So, we have a clearly
19 documented trail, if you will, of participation for
20 each person who worked on that project. That is also
21 true for the contracting portion, where we documented
22 participation in a couple means. One by securing first
23 and last of the contract, between the prime contractor
24 and the sub, and also followed up with the contractor
25 ensure that they did, in fact, had the participation

1 indicated, you know, in the actual contract.

2 That process worked, worked very, very
3 effectively for us at the University. If we look at
4 both projects, we have had about 140 or so million
5 dollars or and roughly 41 million went to M/WBE firms
6 at this point.

7 It is an effort that we feel real proud
8 about, because I think any successful activity is going
9 to be guided by the commitment of the owners. If that
10 commitment is not there, it won't happen. It just
11 won't, won't happen. And in this case, the University
12 was firmly committed to it and where there were issues
13 or questions or any vagueness on the part of the
14 contractor, whether or not he or she should be
15 responsive, that was very rapidly cleared up directly
16 from the University, more often than not in the person
17 of Jack Shannon. But, that to me it was the key, you
18 know, to that project.

19 Jack also mentioned the permanent employment
20 element, which is another key element. There are a
21 number of jobs that we created by this project. And we
22 have initiated an effort to identify folks in the
23 community who are interested in participating as
24 employees on this project. We, along with that
25 University, have created a relationship with Universal

1 Homes, that will be providing training. But, it is an
2 ongoing outreach effort including our office, Skills
3 Development Center, and the training component to make
4 sure that West Philadelphia residents primarily or as a
5 first stop, if you will, secure employment on this
6 project.

7 More importantly, we also included an
8 advisory committee, Mr. Bell sat on that, that
9 committee. This committee reviewed the reports of the
10 performance of the project as it relates to employment
11 and as it relates to purchases, monthly. And where
12 there were problems, we worked very hard to address
13 those. This was not always a friendly gathering. It
14 got a little warm on a couple of occasions, but the
15 point was that it was totally positive, in terms of
16 getting real and substantial participation.

17 And it has been very, very, very helpful. It
18 is a process or a team approach, I guess you might you
19 say, that we are looking to replicate on other projects
20 at the University, because we think it is very, very
21 successful. And it is really kind of covers many of the
22 bases.

23 Now, the issues that we have, that it doesn't
24 address in and what I think as a comprehensive manner,
25 is the issue of financing and the issue of bonding.

1 Now, we were able to, through some efforts of Turner
2 Construction, to get bonding for companies. But, what
3 we are able to do is encourage the traditional approach
4 and get contractors to put forth the kind of effort and
5 the kind of information to make that happen. And it
6 turned out well. We will continue to do that. As far
7 as financing, we are able to just encourage folks to
8 get into the standard system. I don't know of a
9 solution to those problems. Those are big problems.
10 When you talk on a larger, larger scale, that is
11 something we really need to look into, bonding and
12 financing as an all inclusive kind of solution, if you
13 will, you know, to a problem.

14 But, this team approach has been effective.
15 And I think, I see no reason why it shouldn't. We have
16 looked at different versions of this on other projects
17 we have worked on and we see this as a cumulation of
18 it. And it works very effectively. Thank you.

19 MS. SHAPIRO: Ollie, if I might for just a
20 second. I would really like to ask anyone in the room
21 who has a telephone, pager or any other electronic
22 device that makes a noise when it is activated, to
23 please move that to a silent mode, because we are
24 trying to record this forum. Okay, so we are recording
25 and it is extremely distracting. And if you can't

1 leave the room when you are making your telephone calls
2 or receiving these things, at least do us the courtesy
3 of moving away from the microphones in the front of the
4 room, to the back of the room. Thank you.

5 MR. JORDAN: The next panelist.

6 MR. BELL: My name is Michael Bell. And I am
7 the director of Minority and Women Business Development
8 for the Redevelopment Authority. And today I want to
9 talk about the Neighborhood Benefit Strategy, Executive
10 Order 2-95, which was signed into law by Mayor Edward
11 Rendell and why I think and this panel on successful
12 initiative, why it is one of the best tools that we
13 have at the Redevelopment Authority in terms of
14 assuring success for minority, female and also local
15 businesses on our project.

16 The goal of the Neighborhood Benefit Strategy
17 is to leave at least 50 percent of a total contract
18 value for a project either in the local zip code of a
19 project, or in the Philadelphia area. And we have in
20 our department been developing summaries for a recently
21 completed projects, according to the Neighborhood
22 Benefit Strategy. What we do when we receive an
23 economic opportunity plan from a developer who wants to
24 do a project, is we notify local businesses, say if the
25 project is taking place in 19146, we want to find out

1 businesses in that specific zip code and also adjacent
2 zip codes that are able and willing to bid on the
3 project. We also want to find suppliers. And what we
4 try to do is before we approve an affirmative action
5 plan, is make sure that businesses, supplies, MBE, WBE
6 firms and also local residents, are utilized on the
7 project. We have summarized projects and I have left
8 them with Mark for the record. And I have a few
9 projects that I want to talk about, some successes. I
10 do also want to talk about the two projects that I
11 think that weren't very good, but then we have six that
12 were positive, I will do that in three or four minutes
13 and turn the microphone over.

14 Two of the projects that I don't think that
15 were representative of what the goal of the
16 Neighborhood Benefit Strategy was intended to do, were
17 Chinatown North, and Blakestone Housing. Both of those
18 I remember very well. Blakestone, the goal and one of
19 the problems was that every contractor that had to work
20 on that project had to be a union contractor. It was
21 in Germantown, and in spite of the many referrals that
22 we made, at the end of that project, we were only able
23 to elicit 19 percent of that project that stayed in the
24 Philadelphia area. And that was 506,000 dollars. So,
25 81 percent of that total project area was spent with

1 firms that did not reside in the Philadelphia area.

2 Also Chinatown North, of which 40 percent of
3 that contract was spent with Philadelphia based firms.
4 Eight hundred thousand or 48 percent of the money was
5 spent to Philadelphia with MBE firms, but in that
6 specific zip code, there was no funds spent. So, what
7 we tried to do from this point in time is try to look
8 for some positives.

9 And I had two positives that I wanted to talk
10 about very briefly. One was the Kings Village
11 Project. And Kings Village out of the total project,
12 two million dollars that was allocated either through
13 CDBD funding or funding that was coming from PHFA.
14 Fifty three percent of that project or a million, one
15 hundred and eleven thousand dollars was spent in
16 Philadelphia and out of that 44 percent of those funds
17 were spent in the zip code, 19146, or adjacent the zip
18 codes 19104, 02, 19143, 19145 or 47. This vision that
19 we had, or this focus that we maintained on zip codes
20 is keeping when Section III. Our funding comes from
21 the Office of Housing and Community Development,
22 through HUD and what we try to implement are the
23 Section III regulations. The Section III regulations
24 are intended to benefit disadvantaged individuals, very
25 low income and low income people. That is the mode of

1 the Redevelopment Authority, how we try to help the
2 local areas in which these projects go on. And I wanted
3 to talk about besides Kings Village, another project of
4 which there was some real tight scrutiny from minority
5 groups to NAACP, and that was Cecil B. Moore Village.

6 Cecil B. Moore Village, that project, 65
7 percent of the total contract value remained in the
8 Philadelphia area. That being 1 million, 165 thousand,
9 222 dollars and 59 percent of that amount went to MBE
10 firms. And WBE firms of which we want to maintain a
11 more stricter focus this year. I think we had some
12 more successes with WBE firms, but out of that amount
13 eight percent of the total contract value. The WBE and
14 MBE participation ranges, for MBE's is 17.9 percent,
15 and WBEs 6.9 percent. We have failed in a number of
16 situations in terms of helping WBEs, but also as of
17 last year, and there are some WBE firms represented in
18 this room, that we have helped to obtain some
19 contracts. And this year what we want to try to do
20 according to the Neighborhood Benefit Strategy, and
21 Section III, is not just for the construction and
22 supply firms, but also for professional services that
23 the gentleman did mention.

24 One of the things that we have to do in order
25 to be more successful in this area is before

1 architectural plans are actually developed, to involve
2 minority and female owned professional or engineering
3 firms of which we are bringing a number to the table
4 now because of our involvement with school district
5 projects. We are going to be working with the school
6 district in terms of rehabilitating those buildings,
7 and also build new construction and before we do that,
8 a number of the issues involve environmental services.
9 So, on some recent school, Charswood, and Hunter, for
10 the environmental services that have been done, we have
11 participation, 20 percent and also 10 percent from MBE
12 and WBE firms. And this is what we want to try to
13 build on.

14 So, I feel that the Neighborhood Benefit
15 Strategy, Executive Order 2-95, in addition and I think
16 the University of Penn is practicing the same thing,
17 because what is happening now with the University of
18 Penn, as Mr. Shannon and also Mr. Soloman both
19 reiterated, is that are using, you want to benefit the
20 area first, West Philly, Southwest Philly. When we
21 come to the meetings, it is almost the manner that we
22 hear, how are we benefitting firms in that immediate
23 area. And I keep the same focus on our projects,
24 whether it is in Germantown or whether it is Frankfort,
25 any section of the city, we want to find out who do you

1 solicit from the immediate zip code or the surrounding
2 zip codes, who has subcontracts. And I feel that the
3 Neighborhood Benefit Strategy is the one of the most
4 effective tools that we as a city agency has to help
5 minority, female and local businesses in the
6 Philadelphia area. Thank you.

7 MR. JORDAN: Thank you. Our next panelist.

8 MR. JONES: Good afternoon, my names is Jasper
9 Jones. I am here representing Crop Action Team and the
10 Center for Economic and Social Justice. We have chosen
11 the Center for Economic and Social Justice to be our
12 point organization and our presentation before this
13 panel this afternoon, because that is the organization
14 that gave, was responsible for the development of legal
15 technology that led to the employee stock ownership
16 plan. We implement it in our society, and we now face
17 a transition in our economy that requires a technology,
18 center of our ownership dealing with community
19 investment corporations to address development problems
20 in our community. And this organization is an
21 organization that is leading the way in terms of
22 providing legal technology, that will address that
23 issue.

24 You have in front of you the Crop Action
25 Team, one sheet, which is called the People Action

1 Alert. What that is dealing with is issues that people
2 who are ordinary people in our community face in order
3 survive going into the 21st Century. There are four
4 items there that are listed. For the majority of our
5 people, in spite of what has been said by my other
6 panel members, the ordinary people who are non like in
7 Philadelphia, face a close cast racism society in
8 attempting to advance themselves from education and
9 economic opportunities in this area.

10 What we are doing with our program is we are
11 providing tools that will allow ordinary people to move
12 forward in our society some of our projects include a
13 earn a computer program for youth and families in the
14 community. And what we are doing with that program is
15 we are accessing surplus computers from the federal
16 government to give each a computer, providing them
17 technology literacy, computer literacy and financial
18 literacy by participating in development of a community
19 development credit union simultaneous with the training
20 process. We are going to cover a lot of things because
21 the problems that we face in our community are
22 overwhelming. I am going to have other members who are
23 with me here, this afternoon to talk about some of the
24 barriers we have experienced implementing the programs
25 that are listed on that one sheeter.

1 We will let Mr. Horace Trent talk about some
2 of the barriers and Mr. Jesse Woods will talk about
3 some of the things that the Center for Economic and
4 Social Justice is attempting to do in terms of
5 development, individualized development at Trust
6 programs for disadvantaged citizens of the kind and the
7 situations that are listed on the one sheeter.

8 MR. TRENT: Okay. Madam Chair, Mr. Pentino,
9 Distinguished Members of the Panel, I plan to keep this
10 very brief. However, I am from the South and we tend
11 to speak very quickly. So if at any time I speak so
12 quickly that you cannot understand what I am saying,
13 please flag me. Okay.

14 I am going to read this letter real briefly.
15 I should take no more than five minutes with this
16 presentation.

17 Greetings and Good Day, it is hoped that you
18 and your colleagues are well at this time.

19 Can everyone hear me? Okay.

20 This letter is sent as a request for
21 investigation, prosecution and incarceration of those
22 persons responsible for violating the Constitution of
23 the United States and the United States Codes regarding
24 the 13th, 14th, and 15th Amendments as well as the
25 Empowerment Zone Legislation. I, myself, am an

1 Empowerment zone resident and I have a non profit
2 corporation in the empowerment zone.

3 I wish for the Civil Rights Commission to
4 activate every legal and investigative authority,
5 including the Department of Justice, United States
6 Marshall Service and the Office of HUD's Inspector
7 General, to investigate the theft of federal funding,
8 the intimidation and violation of the rights of U.S.
9 citizens for stonewalling and destruction of minority
10 enterprises and economic development and the bribing of
11 officials and civil service agents.

12 This document enclosed with this letter, and
13 this is a year's worth of paper trail, because for some
14 reason the people who are crooks were too stupid to
15 cover their tracks. This is certifiable in a court of
16 law. Okay.

17 The document enclosed with this is a paper
18 trail of the theft of federal funds and illegal
19 activities of city officials and agents of the corrupt
20 local government against the citizens of the United
21 States in general and the residents of the Empowerment
22 Zone in particular. As testimony to this effect, the
23 document contains evidence of deliberate attempts to
24 not allow Empowerment zone residents to have a voice in
25 that federal process, prevention of said residents from

1 accessing funds for enterprise zone indigence projects
2 and programs, and evidence that millions of dollars
3 have been stolen and used as patriot money for
4 politicians and power brokers as rehabilitation funds
5 for hotels and entertainment venues outside the
6 Empowerment zone communities and as funding contracts
7 for companies outside of the Empowerment zone
8 altogether. Also as bribery sources to corral
9 corruptible community leaders who now operate to
10 prevent the legal processes guaranteed to the United
11 States citizens.

12 In brief, if you look at the back page of the
13 document that you have, where it says, what crops and
14 barriers to implementation. We have been told by local
15 government, state government and federal government
16 agencies that our program is one that will solve the
17 problem. But, you see there that the one thing that
18 stops you, if you look at number one, it says
19 stonewalling, personal intimidation and bribery. Here
20 is what we face on a daily basis.

21 Stonewalling, buildings that we have filed
22 for, adjacent to our building, with the City Council,
23 the RDA and what not, are not being turned over to us
24 because someone has lost the paperwork. School
25 contracts not being honored. In the North Central

1 Empowerment Zone, we had a lot of our committees and
2 subcommittees illegally dissolved for projects and
3 proposals that the resident of the Empowerment zone
4 voted for. And because some of the people working for
5 whomever, did not want those to pass, decided to
6 dissolve the sub committees and the committees to
7 eliminate the situation.

8 You have situations where illegal elections
9 and false minutes are being kept in some of these
10 meetings. -- unknown authority and resources. Trying
11 to replicate people's legitimate programs, they claim
12 that there is no need for what you are presenting,
13 because someone has already offering it.

14 There are fire bomb threats and also threats
15 to kill some of our people and destroy our properties.
16 There have been attacks on family members, cloak and
17 dagger meetings, phone taps and power sabotage, which
18 is recorded by the Philadelphia Police Department, with
19 detectives going through the neighborhoods that the
20 Philadelphia Police have no idea who these people are.
21 And this is documented. Okay.

22 You have secret and closed cast society,
23 defrancising the citizens of the city. You have police
24 agents and secret police who take pictures and
25 intimidate people daily. Okay. Some of these people

1 are currently in this room, believe it or not. They
2 love to intimidate people. They have been here all
3 day. Okay.

4 There are people who do not want some of us
5 to be involved with the Empowerment zone process. I,
6 myself, have been given a couple of bribes, which I did
7 not take, to take a \$40,000.00 job, which I said, no,
8 and then a \$60,000.00 job, to which I said, no.
9 And then a \$90,000.00 job, all out of the Empowerment
10 zone. I have even been asked to leave the Empowerment
11 Zone as a resident. Okay. Some people in my same
12 situation have been given jobs and homes in Hawaii,
13 believe it or not.

14 Okay. Last night because they knew that we
15 were coming to give a presentation and testify before
16 you today, they decided to change the name of the RFP,
17 Request for Proposal, to the RFQ, Request for
18 Qualification and Quotation. To finally give us the
19 money we need to run our projects. It shocked a lot of
20 the people, especially those of us who -- for the
21 Empowerment Zone process.

22 Believe it or not, and I know this is going
23 to sound like a movie special, they have tried to
24 intimidate us and tried to get us arrested by sending
25 prostitutes pass our buildings and our places of

1 employment, to sell us drugs and illegal services. At
2 which time you will see different federal agencies and
3 police agencies on the corners waiting for someone to
4 take the bait.

5 The awarding of easy money to organizations
6 with no reputation, no certification of qualification,
7 without regulations, \$500,000.00 being offered to us to
8 sell our building by different groups that want to
9 purchase the property to build different establishments
10 like Rite Aid and Popeye's Chicken. And when we decided
11 not to do that, three buildings in the block ahead of
12 ours, being fire bombed. Okay, with the youth on the
13 streets understanding and being hired by certain people
14 to do this. And these people will testify to this.

15 And a water project sharing populations for
16 both the target population and the higher staff,
17 counting empowerment zone residents two, and three and
18 four times and misrepresenting the actual use of the
19 funds, to show that someone is doing something that
20 they are actually not doing. Okay.

21 We are requesting your assistance in this.
22 To activate those investigative agencies.

23 As a final note, this is not only what the
24 adults experience in the Empowerment zone. I have two
25 students that are going to represent what happened to

1 them very quickly. And when you hear it, it is going
2 to sound funny to you, okay. That it is so silly that
3 what is happening, but I want to let them speak now.
4 One is David Leary, the other one is Leon Alexander
5 come up. Be quick.

6 MR. LEARY: Hello, my name is David Leary and
7 two summers ago a group of my friends worked with a
8 program called Citywide. And one of the coordinators
9 there was Bill Mathews, was a known drug user. The
10 program was federally funded and a lot of the students
11 then get paid off the funds, they should have been paid
12 and things like that. One of the young ladies that
13 worked with the program, came to work every day, on
14 time, stayed over, worked overtime and things like
15 that. She received a check for 50 cents and there was
16 only place that she cash that check at, and the check
17 has its place right below the place where we worked at.
18 And it cost her 30 cent to cash her check, so she only
19 received 20 cent.

20 MR. ALEXANDER: Good afternoon, my name is
21 Leon Alexander. And some of the incidents that my
22 mentor has stated is from me and him going to school
23 together. We have been followed back and forth to
24 school on a regular basis. It had stopped when we
25 called a few people at the station and what not.

1 Some other things were going out of town, I
2 have been pulled over with my brother, have been shown
3 pictures of us standing on our building, on top of the
4 roof, some pictures on my mom block, with me and a few
5 friends and things like that, from maybe like '94,
6 pictures from like '94.

7 The recent incident was maybe two nights ago.
8 The police knocked on my door around three o'clock in
9 the morning, said that somebody called for disturbance
10 but they didn't know who called. And as mother went to
11 the door, the officer, you know, had his weapon drawn
12 out and was trying to come in the house, while I am
13 coming down the steps. My mother was letting them in.
14 But, she had already told him that there was no
15 disturbance. We was both asleep. You know, it was
16 three o'clock in the morning. The block was quiet.
17 And, you know, he is still trying to, you know, force
18 his way into the door to see, you know, who was in the
19 house. So, that is it.

20 MR. JORDAN: I am going to ask because of the
21 nature of this and as you all know, the nature of this
22 hearing is on minority participation. We want to make
23 sure that they get, this gets its appropriate
24 attention. I am going to ask you to call Mr. Pentino
25 directly so, that we make sure that the Office of

1 Evaluation, which is within the Office of Civil Rights,
2 follows up on that and you can contact Mr. Pentino
3 directly at area code (202)376-7533. And it is not,
4 let me very clear, it is not that we don't take your
5 complaints seriously, but again, we want to make sure
6 we stick to the nature of this particular hearing.

7 MR. JONES: Okay. The other element that we
8 are doing in our programs actually solving the
9 problems, include the development of financial new
10 programs access ways to finance the development of
11 human capital as well as access to financial capital.

12 Some of the things that we have done as I
13 mentioned before, was the development of the computer
14 training program, that teaches people basic financial
15 literacy and gives them a computer at the end of the
16 process.

17 What I am going to have Jesse Woods, III do
18 is to talk about the financial instruments which we
19 have presented to the state government, which would
20 help the funding of the start up of minority businesses
21 in our distressed community.

22 MR. WOODS: Madame Chairman, Mr. Pentino,
23 Panel, members of the audience, good afternoon. I am
24 the licensed insurance broker and collaborative partner
25 to the Crop Action Team business trust, Crop meaning

1 Community Reimburse Organization Plan. We are
2 underwriting the potential losses for the transfer of
3 the mass employment, mass manufacturing paradigm to the
4 computer cybernation era, which is the high technology
5 and use now. Insurance companies are making changes as
6 you can see or can hear, people, insurance agents are
7 using computers to come up with your quotes, and this
8 is kind of computer literacy that Mr. Jasper Jones is
9 talking about, for people to be qualified to work in a
10 work place.

11 Representing the Center for Economic and
12 Social Justice, we have agreed to assist in the
13 process, Community Development Implementation and
14 Banking Practice Reforms for Small Business. The
15 Community Development Implementation process is the
16 letter writing campaigns and activation against the
17 U.S. Government Federal Reserve Act 1913, which
18 currently states to monetize, to expand national debt.
19 And that is when you get your credit card application
20 through the mail and you are constantly getting new
21 credit cards. Well, a lot of people are not being, you
22 know, qualified to even employ or get a government
23 contract to do business, so they are not getting paid.
24 So, now they can't pay on these debts that are being
25 constantly created. So, what has to happen, we have to

1 make an amendment to that Chapter 13 to state monetized
2 commercial paper, which allows us to have ESOP trusts
3 formulated. ESOP meaning Employees Stock Ownership
4 Plans. And when we do this, we can get monies as low
5 as two percent, one and a half to three percent from
6 the banking institutions and then we can move more
7 money into the community to circulate. And this is
8 will enhance business growth, because what is America
9 about, business and finance, not about getting a job,
10 not about asking for welfare money. It is about
11 organizing business.

12 And what we have here and it has been passed
13 out to you at the table, was a brochure of a multi
14 level marketing opportunity that gets people trained to
15 work, because prioritizing welfare, what everybody is
16 trying to do welfare work, my quote, is not necessarily
17 a process of getting somebody trained to go get a job,
18 but it is a process of getting someone, not just
19 trained, but learn by doing, educated how to function
20 as a human being, how to function as U.S. citizen,
21 knowing their rights and understanding how to process
22 work. And ownership and operation of business. Then
23 we set up legal structure to support their activity,
24 which is what America is about and then the
25 legislature, which is the policy that is written, and

1 legislative by our lawmakers, at that point supports
2 their activity. When they are able to this, then we
3 are growing or restarting America to be, to become a
4 new frontier on the whole planet and compete globally
5 going into the 21st Century.

6 We have gone out and seek collaborative
7 partners, seek support from various state and federal
8 agencies and they are amazed at the integration process
9 that we have here with the Crop Action Team Business
10 Trust Program. This process enables us to underwrite
11 the potential losses because what the U.S. Government
12 wants to see is how it will use your tax dollars and
13 our tax dollars to continue the welfare process for the
14 creation of business, not just a handout to people like
15 they have been getting. And eliminate the flaws and
16 save the country from paying out or what it has been
17 paying out and the resources that it is coming to what
18 we call a near collapse. And to keep that from
19 happening, we have to show we can protect the country's
20 monies from these losses. And the insurance
21 contracting process begins.

22 Well, each individual comes through the Crop
23 program, and we do an assessment process that is
24 designed, upon the assessments the underwriting and
25 that is called IDATA, Individual Development Account

1 Trust Agreements. They are contracts of insurance,
2 underwriting potential losses for the transfer. For
3 example, an individual on welfare, or coming out of
4 prison or coming out of school, will come through this
5 process, instead of getting money, going, getting that
6 check every two weeks or every month, it will go to the
7 CEO of the trust, that is the education institution and
8 then the collaborative partners, who are businesses,
9 and community organizations, will submit their cost
10 billing allocation. So they will submit their products
11 and services to that trust, the education institution.
12 That individual will have an assessment made on him.
13 So, for example, as an insurance broker for the
14 project, we will say, okay, this person needs two or
15 three hundred thousand dollars to set up their project
16 for their lifestyle, that includes their family. So,
17 family life insurance policies, annuity contracts,
18 property and casualty policies are written to cover
19 these expenses that are under the Federal Welfare
20 Reform Law, stating paying for books, paying for
21 education as far as Ph.D., paying for first time
22 homeowners down payment, paying for the ownership of
23 vehicles so they can get around to work, begins to
24 solve the transportation problem. This pays for these
25 types of resources because it is organized and written

1 and the whole community participates in the growth of
2 itself.

3 Okay. This is the IDATA program. And this
4 is my function as the underwriter for this progress.

5 MR. JONES: We have gone to all the state
6 agencies, and the Federal Government and local
7 agencies, to implement our program. We have met with
8 some success and some resistance. And we have served
9 hundreds of people in this process. We are hoping to
10 complete the full integration of this program in the
11 next 60 days before the full impact of the failure of
12 the leadership in this community to fully implement the
13 Welfare Reform legislative in the manner that we have
14 listed on this one sheeter, so that all citizens who
15 are disadvantaged, get an opportunity to participate in
16 our economy as stakeholder owners in business and
17 enterprise opportunities in our community. Thank you.

18 MR. JORDAN: Thank you. We would like to open
19 it to questions to my other panel members here. Any
20 questions.

21 MR. PENTINO: I had one from Mr. Soloman. You
22 mentioned just briefly a project where you said they
23 either will participate or they will be in default.
24 Can you explain that a little more?

25 MR. SOLOMAN: The approach is to encourage

1 contractors to be responsive to established
2 participation levels. And what we attempt to do is to
3 exhaust all means possible, meetings, discussions,
4 dialogue or whatever, but ultimately the participation
5 levels in the element of the contract. Ultimately the
6 participation levels is an element of the contract.
7 And if for some reason they have not been responsive at
8 all, or have not put forth what we have defined as a
9 good faith effort, then some action would have to be
10 taken in terms of a default. Has that happened? No.

11 UNIDENTIFIED SPEAKER: We can't hear you back
12 hear, sir. There we are. We can't hear you back here.
13 Thank you.

14 Would you mind repeating that because we
15 can't hear you in the back?

16 MR. SOLOMAN: Okay.

17 UNIDENTIFIED SPEAKER: Thank you very kindly.
18 Sorry, Panel, but we can't hear back here and we want
19 to hear.

20 MS. SHAPIRO: We have got you.

21 MR. SOLOMAN: My point is this, we are, we
22 make every effort to encourage the contractors to be
23 responsive to the participation levels. On the front
24 end of a project it is included as a contract element.
25 If they are not responsive to it in any manner, then it

1 opens up the possibility of a default. Now, has that
2 happened to a significant degree? Not in my memory.
3 But, the point is, we have done things like we have
4 held up payment, we slowed down payments and we have
5 encouraged compliance. And I think contractors for the
6 most part have been, have complied with the
7 requirements.

8 MR. PENTINO: Is it conceivable that
9 throughout a project, to spite the fact you have
10 participation levels, to spite the fact that you have
11 these goals, that and even if you would withhold the
12 payments, at the end of the project, is it conceivable
13 a contractor will not have fulfilled the participation
14 level as specified? You say default has never
15 happened, but is it conceivable you can go all the way
16 through a project and have low participation and yet
17 they keep promising you, and they also keeping working?
18 They also finish the job and they also get paid by you?

19 MR. SHANNON: To answer that question, Mr.
20 Pentino, on the Sansom Common Project, and that is the
21 new model that we are employing, is no. We, at the
22 outset of the project, judge bid package that are
23 received upon three qualifications. Number one is
24 price, number two is the responsiveness to the bid
25 specification package. And three is the economic

1 opportunity program that has been presented, how they
2 are going to utilize MBEs, WBEs and West Philadelphia
3 based business and what type of minority and women and
4 West Philadelphia residents hours are they committing
5 to. So, we have that contractually documented. And
6 all three of those are weighed equally in the process.
7 We then immediately start monitoring through certified
8 payrolls. And we have had as Mr. Soloman alluded to in
9 his testimony, a number of heated meetings with
10 contractors. And I would parathetically note, that has
11 been with both majority and minority contractors. We
12 had a majority contractor for whom this was a new way
13 of life. They had done a number of jobs in the
14 University of Pennsylvania, and they felt that this was
15 just something that they could scoff at. And be able
16 to as you alluded to, get through the work, get paid
17 and get to the end of the contract and then just say,
18 "Ah, we tried our best, but you know we didn't make
19 it." We pulled them in, when we saw at the beginning
20 of the project, when 10 to 15 percent of the work had
21 been completed and that they were tracking and trending
22 horribly to the goals that they had set, brought them
23 in and said, "Okay, tell us how you are going to make
24 these goals immediately? And tell us how you are going
25 to get the additional work force on? Where are your

1 contractors?"

2 Similarly, we had a minority base electrical
3 contractor, City of Philadelphia. And this where it
4 was essential to have Mr. Bell and Mr. Soloman and
5 members of the local black clergy onboard the
6 committee. Where that contractor felt at the outset
7 that the issue was only about the engagement of
8 minority based business enterprises. And that the
9 utilization of minorities and women and West
10 Philadelphia residents in the workforce was secondary.
11 It is equally important and perhaps, quite honestly,
12 even more important because to be able to impact even
13 more people's lives locally through construction jobs
14 and permanent employment, then perhaps an individual
15 contractor. I think it is fair to say we quickly
16 disabused that contractor of that notion. And I am
17 proud to say that that contractor got quickly back
18 onboard and performed well beyond its stated goals by
19 the end of the project. Past, that could have
20 happened because we did not have the proper monitoring
21 in place. The key for us here is to have an outside
22 organization such as Greater Philadelphia Urban Affairs
23 Coalition, to have outside representation on the
24 committee, Mr. Bell, Marlo Hamilton from the City
25 Council office, Mr. Jim Roundtree from EBAC. Along with

1 representatives of faith base organizations in the
2 community, to keep us honest, quite honestly, to make
3 sure that we stay on top of the issue, so that we don't
4 end up with the type of situation you cited.

5 MR. JORDAN: Do you consider your program to
6 the be, there has been a lot of discussion,
7 particularly earlier today, regarding unions and the
8 lack of, the relationship with unions, would you
9 consider a portion of your program as a model of what
10 should be done in terms of the unions?

11 MR. SHANNON: Mr. Jordan, I think that Mr.
12 Soloman was at this meeting today, and Mr. Young was as
13 well. At the outset of the project, we sat down with
14 all the building trades members and all the agents from
15 the building trades and it was really quite an open and
16 honest discussion. University of Pennsylvania year in
17 and year out is the city's and region's largest buyer
18 of construction services, barr none. And you might see
19 an airport project every 10 or 15 years. You might see
20 a convention center built every 30 years. Those are
21 major projects. I don't mean to diminish those, but
22 year in and year out the University of Pennsylvania is
23 at the top for, or in the top two or three.

24 The conversation with the union members was,
25 look, you are dependent upon us, year in and year out,

1 just as we are dependent upon your services. We have a
2 need as a community member here and with all the other
3 initiatives were undertaken in the way of housing,
4 community development, economic development, public
5 safety, neighborhood improvement for West Philadelphia,
6 to make sure that West Philadelphians are properly
7 represented in the building trades and more
8 importantly, that they actively work day in and day out
9 on the projects that we have going here in the
10 University of Pennsylvania. It is in our own economic
11 self interest as a university. And quite honestly, it
12 is in your own economic self interest as unions,
13 because you are dependent upon us. And we, I would
14 never say this, that it would get to that point, but we
15 might look at altering our long standing relationships
16 with unions if they were not responsive to that.

17 And as a result of that, we were able to come
18 to a mutually agreeable conclusion. But, the key was,
19 with the help of Mr. Soloman, Mr. Young and others, was
20 to have those union members in from the outset, have
21 them understand what we were trying to achieve and to
22 make them realize that when we ask a contractor to
23 perform and to get minorities and women and local
24 residents onto a job, we expect that those building
25 agents to go and pull somebody off the bench and make

1 sure they got to work immediately at the University of
2 Pennsylvania.

3 That type of frank conversation is not always
4 an easy one, it is not always one that goes pleasantly,
5 but I think in the long run, it was very helpful for us
6 on that project.

7 MR. SOLOMAN: And one point to make is that
8 the Samson Common Project and the team approach that
9 was developed or that evolved, is an exception. I
10 mean, it is very much an exception due to the rule.
11 Because there are situations where contractors are not,
12 be responsive and we go as far as we can, and we end up
13 with maybe not the best of participation but some.
14 But, we push it hard as is possible.

15 MS. SHAPIRO: Mr. Shannon and Mr. Soloman,
16 when you mentioned Penn's negative past history. As
17 somebody who has affiliated with Temple University, we
18 have been similarly accused and we are constantly
19 trying to improve our efforts in the neighborhood and
20 the region where we are.

21 What caused the turnaround? Okay. What
22 happened to make you realize that something had to
23 change and what did you do?

24 MR. SHANNON: Predates me, I have been at the
25 University for just under two years. As a matter of

1 fact, my position is a fairly new one. And it is the
2 result of, of basically a change and it is a see change
3 in the attitude of the trustees and the administration
4 towards the community. It is community, and there is
5 no divorcing it, too. During the 1960s and '70s, if
6 you go around the Penn Campus, it is fair to say that
7 the attitude was to build walls as opposed to bridges.
8 And so, the idea was that if you somehow could build
9 enough walls, you could somehow insulate your students,
10 staff, and faculty from the perceived or real ills that
11 were afflicting the local university city, Powtain
12 Village, Spruce Hill, Garden Court, nearby where I
13 live, those neighborhoods. And what happened, quite
14 honestly, was the unfortunate situation where we had
15 two faculty members and staff killed in the community.
16 And when that type of thing happens, you have two
17 choices. You can either take the approach that it has
18 been done in other areas where the initial knee jerk
19 response is to increase security and to pull back
20 either further from the community, and that is a short
21 sighted one. And that is one that fortunately the
22 University did not adopt. And the other is to try to
23 figure out why you haven't engaged the community, to
24 actually engage in dialogue with the community and
25 figure out how do you invest in the community in a way

1 that is productive for both the university as well as
2 the community. So, that takes a number of funds. We
3 were along with Drexel, College of Pharmacy, now the
4 University of the Sciences, and others, in the area,
5 instrumental in working with community based
6 organizations, to create the university city district,
7 which addressed a number of concerns. That it
8 conveyed to us, but not only our students and staff,
9 but also by community members.

10 I mentioned previously the new theater and
11 supermarket, that directly came from the Spruce Hill
12 Community Association plan for revitalizing its
13 community. We were responsive to that. We are making
14 target strategic investments such as that. This
15 program that we talked about today, is a result of that
16 initiative as well.

17 MS. SHAPIRO: So they came to you?

18 MR. SHANNON: Yes. Quite frankly, and some of
19 it came from us, but it was a dialogue back and forth
20 as to where we could begin its inter economic self
21 interest. We, as an institution have been there for
22 hundreds of years. Unlike a large corporation which
23 can say, we are leaving and we are going to pull up
24 stakes and move onward to some place else, we are not
25 in a position to do so and I would dare say that

1 Temple, LaSalle, St. Joe and others are not in the
2 position to do so either. We then have to make a
3 fundamental decision. Are we going to be good
4 neighbors and work with our communities or are we going
5 to be bad neighbors and think somehow we can insulate
6 ourselves, that doesn't work. So, ultimately it was in
7 the economic self interest of the University to engage
8 in these programs. And I think for the most part, they
9 have been fairly successful. They are going to be
10 sustained in significant investments, measuring in the
11 tens of millions of dollars, and the ones that are
12 going to have some bumps along the road, because of
13 that history you mentioned. But, I think we are moving
14 at least in the right direction.

15 MS. SHAPIRO: Thanks.

16 MR. SOLOMAN: One quick comment in reference
17 to Temple. Temple has a very aggressive minority
18 contracting program. It has it for about 10, 15 years
19 and it is getting better and better.

20 MS. SHAPIRO: Yes.

21 MR. SOLOMAN: Okay.

22 MS. PERRY: I have a question to Charles.

23 MR. SOLOMAN: Yes.

24 MS. PERRY: I am not clear, could you
25 elaborate more on when you talked about people not

1 being able to address finance and bonding issues, and
2 then you suggested to encourage people to get into the
3 standard system. Did you have any incidents with the
4 Sansom project that people were not able to receive
5 contracts because of this issue?

6 MR. SOLOMAN: No, we had situations where
7 bonding was, bonding requirements were waived. We had
8 circumstances where we encouraged contractors to secure
9 bonding in the standard market and that happened in one
10 instance that we can document. Now, if there are firms
11 who opted not to bid because of the bonding
12 requirement, I wouldn't know that. But, when it became
13 an issue for us, and it was presented to the team,
14 including Turner, and the University, I know in at
15 least one incident, the bonding requirement was waived.

16 MR. THUY: I have two questions for Mr. Bell.
17 First of all, I would like to know more about your
18 agency, the Redevelopment Authority. Is that a city
19 agency, a federal agency, that is question number one?

20 Question number two, could you elaborate on
21 the jurisdiction and authority of your agency regarding
22 MBE and WBE contract?

23 The last question that I would like to ask
24 you is the fact that you come to this panel, does it
25 mean that it is stamp of approval for the University of

1 Pennsylvania, is it required, it is not required under
2 your jurisdiction?

3 MR. BELL: Okay. The Redevelopment Authority
4 is one of the lead agencies in the City for industrial,
5 residential and commercial development. One of the
6 reasons that we were involved with the University of
7 Pennsylvania project is because our agency is also
8 empowered to help acquire land by condemnation. So,
9 because of the fact that we help to acquire the land
10 for the project, we subsequently have a redevelopment
11 agreement with the University of Pennsylvania. When we
12 have a redevelopment agreement with an organization, be
13 it a commercial organization, a school or a CDC, then
14 our anti discrimination policy automatically kicks in.

15 But, first I want to go back to your first
16 part of the question. We are not a city agency per se.
17 We receive state funding but we are considered to be
18 quasi city. And what happens is, we also try to, we
19 utilize because we receive funding from HUD, the
20 Section III regulations, to include minority and female
21 owned businesses on our projects. We suffered as a
22 result of a decision in the City of Philadelphia, which
23 overturned set aside, but at the same time we
24 benefitted from Executive Order 2-95, which is a
25 Neighborhood Benefit Strategy, in which empowers us,

1 like I said, to utilize as many local Philadelphia
2 based minority and female owned businesses as possible.

3 And well, the stamp of approval, like I said
4 with the University of Pennsylvania, I was invited to
5 sit on the committee because of our role with the
6 University of Penn in helping to acquire the parcel of
7 land for which the project is on. We are involved in a
8 number of other projects now at the airport. We have a
9 number of hotels that are being built out there. And
10 on those projects in which we have no HUD funding
11 involved, we encourage owners and also developers to
12 utilize minority and female owned businesses because of
13 our anti discrimination policy. There are no ranges on
14 those projects, but we have had successes on three of
15 the hotels being built, the Hampton Inn, Studio Plus,
16 also the Fairfield Inn. And right now we have a
17 project being built by a developer from Pittsburgh,
18 called the Microtel Inn, which we had G&G Fire
19 Protection and some other companies, who have been
20 awarded contracts outside of what is required because
21 there is no HUD funding in those projects.

22 MR. THUY: For the project that are not funded
23 by state government or agency, do you just, a fee for
24 your services?

25 MR. BELL: Well, the Redevelopment Authority

1 charges fees to developers to help acquire land by
2 interment domain. Yes, there are fees that are charged
3 by the agency.

4 MR. JORDAN: One more question from our panel.

5 MS. DETAMORE: I wanted to ask a question
6 about the employment opportunities that you have talked
7 about for West Philadelphia residents and particularly
8 for people of color in West Philadelphia. And that is
9 whether in terms of the employment opportunities that
10 have been created by this project and more generally
11 with employment opportunities at Penn, since it is such
12 a large employer, the degree to which you track not
13 only the numbers of West Philadelphia residents, for
14 people of color in total jobs, but the stratification
15 of those jobs, that is the degree to which those are
16 supervisory positions, professional positions,
17 paralegal positions, whether you do that.

18 MR. SHANNON: Our department of Human
19 Resources within both University and the University
20 Health System, does do that. I don't have those
21 statistics. I would be happy to get those for the
22 Commission so that they could take a look at that.

23 With respect to the individual project, the
24 Sansom Common development, we are tracking it
25 accordingly. We do, I am happy to report, have

1 substantial and significant employment of women,
2 minorities and West Philadelphia residents at all
3 levels of the retail, the book store, and at the hotel,
4 as it is starting to come on line. Our goal is to tap
5 into the various sources. I mentioned previously
6 Universal Community Homes, they are going to be
7 providing training for roughly a hundred out of the 174
8 positions that are going to be created at the hotel.
9 We are also working with others such as the West
10 Philadelphia Partnership and with Doubletree, itself,
11 to encourage those West Philadelphia residents and
12 minorities and women who are already within the
13 hospitality industry, to seek advancement at the Inn of
14 Penn, so that we ensure that we do have representative
15 employment at all levels if possible.

16 MR. JORDAN: Thank you so much. I would like
17 to thank all of our panelists.

18 MS. SHAPIRO: I would just like to say before
19 you leave the table, that I was very interested in what
20 the folks from the Center for Economic Justice,
21 Economics and Social Justice had to say. And if you
22 have any additional materials on your efforts to self
23 finance, and create empowerment among yourselves, I
24 would love to see some of those for the records as
25 well. Okay. Thank you.

-1 MR. JORDAN: Thank you.

2 MS. SHAPIRO: Okay. We are going to move on
3 to the next panel. We have a substitute moderator for
4 this panel. James Frazier will be moderating Panel V.
5 And this panel will be looking at State and local
6 programs which assist MWBE firms. Jim?

7 MR. FRAZIER: Thank you very much. Thank you,
8 Madam Chairman.

9 The Panel members for State and Local
10 Programs Assisting, please come forward. That is Mary
11 Jo Shawb, Gary H. Lee, I guess is in, he is not coming
12 from Harrisburg. Jim Roundtree is sitting and Charles
13 Gillean. Get all settled. I guess, Mary Jo, I know
14 you are just getting started there.

15 MS. SHAWB: I am ready.

16 MR. FRAZIER: You are ready, okay. Why don't
17 you start. Ladies, first.

18 MS. SHAWB: Good afternoon.

19 My name is Mary Jo Shawb. I am the women's
20 business advocate in the Entrepreneurial Assistance
21 office. And that is in the Department of Community and
22 Economic Development.

23 MR. FRAZIER: In what jurisdiction?'

24 MS. SHAWB: Pennsylvania. Pennsylvania
25 Department of Community and Economic Development.

1 MR. FRAZIER: You mean the state, the state.

2 MS. SHAWB: So, I am the women business
3 advocate for the State. Okay.

4 MR. FRAZIER: All right.

5 MS. SHAWB: We have long titles.

6 The Entrepreneurial Assistance Office is
7 located within the Department of Community and Economic
8 Development. It is the lead agency in Pennsylvania
9 State Government for small business development. The
10 Office works to enhance the entrepreneurial vitality of
11 the Commonwealth, by offering technical assistance and
12 services which encourage the creation, expansion and
13 retention of successful small women, and minority owned
14 businesses.

15 Services provided to small businesses include
16 women's business advocacy, minority business advocacy,
17 small business resource center, enterprise development
18 through the Appalachian Regional Commission Program and
19 business consulting through the Small Business
20 Development Center Network.

21 Our office on a regular basis conduct focus
22 groups with women and minority firms. It seems that
23 there is a correlation, same issues are regularly
24 addressed by minorities and women. Those, the top
25 three issues are access to capital, with caveat there

1 bonding does seem to be a growing interest,
2 procurement opportunities and training opportunities,
3 especially technology related. Our office primarily
4 works for outreach technical assistance. The advocates
5 are available to businesses to help them resolve issues
6 with other state agencies.

7 So let me tell you some of the things that we
8 do on a regular basis. We conduct training seminars
9 and workshops on procurement. What we have done in our
10 office is to include federal, state, and where
11 appropriate, local opportunities, since in our focus
12 groups, it is found that the different certifying
13 agencies and various levels of government causes some
14 confusion among the minority and women business
15 community. So, when we do workshop, we try to include
16 the various levels of government.

17 Often times we have seminars and technical
18 assistance on financing. I have to mention that our
19 partners in this are small business development centers
20 that provide free technical one on one consultation and
21 business plan development, which helps people in their
22 loan application process. In the Appalachian Region
23 Commission area of Pennsylvania, which is 52 counties,
24 not including Southeastern Pennsylvania, there is
25 another type of assistance available through local

1 development districts. I think some people from the
2 Northwestern and through the western part of the State
3 are familiar with the local development districts.

4 We tend to partner with service providers and
5 other state agencies so that we can provide more
6 knowledge and technical assistance to all, to the small
7 business communities throughout Pennsylvania. One of
8 our new initiatives has been an entrepreneurial
9 network. That is up and running in the seven ARC
10 counties. It will be coming to Southeastern
11 Pennsylvania this year. And the purpose of that is to
12 combine all service, not combine, to gather all service
13 providers and with one voice speak to the communities
14 that they are served, so that the business community is
15 aware of the technical assistance that is available and
16 at no cost assistance that is available to help start
17 up and expand their business.

18 We hold the top 50 women in business awards
19 program once a year. We sponsor trade missions to
20 encourage exporting. The minority business advocate
21 oversees the youth entrepreneurship program in high
22 schools, including Temple University runs the program
23 in Philadelphia. And the two advocates are a part of a
24 new coalition, it is the Pennsylvania Coalition of
25 Small Business Advocates. And let me read to you what

1 this is.

2 It is a coalition of Commonwealth
3 organizations who share commonality of benefitting
4 small minority and women owned businesses in the
5 Commonwealth. Members of the coalition include the
6 Governor's Advisory Commission on African American
7 Affairs, the Governor's Advisory Commission on Latino
8 Affairs, the Commission for Women, the Minority and
9 Women Business Advocates in the Department of Community
10 and Economic Development, and the Bureau of Contract
11 Administration and Business Development in the
12 Department of General Services. The leaders of these
13 organizations believe all can benefit through the
14 coordination of their respective programs activities
15 and resources. The Coalition's mission is to advocate
16 for small minority and women owned businesses in the
17 Commonwealth, identify common barriers to their
18 economic success and address mitigation of those
19 barriers through a coalition of government, business
20 and community resources. The Coalition will provide
21 access to education, information and communication
22 resources, promoting participation in the business of
23 government and enhancing the role of entrepreneurs in
24 Pennsylvania's communities.

25 That Coalition is housed in the Department of

1 General Services and Gary Lee, who couldn't be here
2 today, is the director of the Bureau of Contract
3 Administration and Business Development. Now, that
4 department is the department that certifies businesses
5 for DGS procurements, Department of General Services.
6 That department also conducts training and outreach to
7 educate women and minorities on the opportunities that
8 are available. There has been changes lately in the
9 procurement process in Pennsylvania with the passage of
10 Act 57. And I cannot speak specifically about that. I
11 thought Gary would be here to do that, but generally
12 speaking it encourages local, local buying, community
13 base buying. This is a real opportunity for small
14 business, minority business and women owned businesses.
15 It also relaxes some of the bonding requirements.

16 As I said, the Bureau of Contract
17 Administration and Business Development is partnering
18 with various different technical system providers,
19 including the small business development centers to
20 educate the community on the opportunities that are
21 available for Pennsylvania procurement. Well, we are
22 also introducing a credit card for small purchases.
23 And I think this comes out of many of the problems with
24 business with Pennsylvania with the small businesses,
25 the burdensome paperwork, the bonding has been a

1 problem. Act 57 does relax some of the bonding
2 requirements.

3 Also within the Bureau of Contract
4 Administration and Business Development, if a
5 contractor is not complying or going through the
6 process of getting a subcontracting bid, and not
7 following through, there is a process by which that
8 minority or women owned business can complain to this
9 bureau and they do have the ability to investigate and
10 perhaps stop payment on a contract.

11 The other issue, let me get back to bonding.
12 That would go through DCED, some of the bonding
13 problems. And we are talking actively now on the
14 bonding issue. We do have financing packages
15 available. I did leave some handouts in the back. And
16 specifically for the minority community, there is a
17 financing program, PMBDA, Pennsylvania Minority
18 Business Development Authority, and that is low
19 interest loans to finance businesses which are owned
20 and operated by minorities. Retailer commercial firms
21 may receive loans up to \$250,000.00. The terms, the
22 rate is 50 percent of the prime rate, but no less than
23 four percent.

24 Small Business First is another program for
25 all small businesses, but they do track the number of

1 loans given to minority and women business owners.
2 That is a \$200,000.00 cap on that and the interest rate
3 is five percent. We also have an export loan program
4 for all small businesses up to \$350,000.00. These are
5 programs to help, to address the needs of the business
6 community.

7 In addition to that, we have a program called
8 "Pennsylvania SourceNet", and that is in the back, too.
9 This is a database, an electronic database. If you are
10 a Pennsylvania company, we encourage you to register
11 online. It is a free service. We are marketing this
12 to corporations. We want corporations to use
13 Pennsylvania companies. On that database, you can
14 indicate if you are certified minority or women owned
15 firms. So, again, this is something where we cannot
16 only promote Pennsylvania companies, but Pennsylvania
17 minority and women owned businesses.

18 As the advocates, one of, I am the women
19 business advocate, there is also a minority business
20 advocate, Debbie Chanko. One of the things that we do,
21 is we promote the DGS certified list of minority, women
22 business firms to corporations in Pennsylvania. The
23 certification process is a long process. There is a
24 lot of paperwork. And we do promote that group through
25 DGS to different Pennsylvania corporations.

1 MR. FRAZIER: Okay. Paula McKinney, is she
2 here? Come up. Paula is with the Minority Business
3 Coordination in the Governor's Office and will make a
4 statement.

5 And while you are sitting down, I would like
6 to know what your website is.

7 MS. SHAWB: Okay. It is for the SourceNet or
8 for -- Okay, you can jump from this site to DGS and to
9 Pennsylvania Source Net. It is www.dced.state.pa.us.
10 Now with every agency within the state you take their
11 initials, the same string, but rather than dced, dgs
12 would be dgs, Department , would be Department .

13 MR. FRAZIER: And the BVD.

14 MS. SHAWB: Yes.

15 MR. FRAZIER: Okay. Paula, welcome.

16 MS. MCKINNEY: Good afternoon. Thank you,
17 thank you for the opportunity to just to give you a
18 little bit of an update on a very new initiative, which
19 is called the Governor's Minority Business Action
20 Initiative.

21 I am with the Governor's Action Team, where I
22 have been for five years. The Governor's Action Team
23 is organizationally within the Department of Community
24 and Economic Development. However, we also report
25 directly to the Governor. As you are aware, Governor

1 Ridge has been very proactive in economic development.
2 The Governor's Action Team has been the priority single
3 point of contact for major business expansion in the
4 Commonwealth. We do the attraction of major companies,
5 including Fortune 500 companies, manufacturers, advance
6 tech, those kinds of targeted industries. We also work
7 on expansion of existing Pennsylvania companies as well
8 as retention activities for the maintaining the
9 manufacturing based within the Commonwealth.

10 So, it was decided that in order to really
11 take a very active, proactive kind of role enhancing
12 minority business development in the state, to have a
13 person on the Governor's Action Team who has been
14 involved in this attraction, expansion, retention
15 activity across industry sectors and across all kinds
16 of a businesses, and to have that person as well
17 focused on minority business development. Utilizing
18 many of the existing resources that already exist
19 within the Commonwealth and also reaching out to other
20 groups that haven't necessarily always had a
21 representative voice in the Commonwealth, when programs
22 are actually being developed for economic development.
23 So, that I am now reaching out to the African American
24 Chambers across the state, Latino Chambers, etc.,
25 building coalitions.

1 There are a couple of major prongs for this
2 initiative. First and foremost is to improve the
3 access that minority businesses have to the State's
4 Financing Programs. Where previously minority
5 businesses called the DCD about financing
6 opportunities, were always funneled to the Pennsylvania
7 Minority Business Development Authority. We have other
8 programs that may also be applicable, but that wasn't
9 considered. So, we need to get the word out and make
10 sure this access is being gained equally, when there
11 are appropriate eligible programs that that company
12 might access.

13 As part of that, part of the new initiative,
14 I will now be serving as the Secretary's representative
15 on the PMBDA Board. PMBDA will now be having very much
16 of a team approach to looking at eligibility and where
17 there may be some other appropriate options for
18 companies to access state financing programs. And we
19 will be working, myself, as the minority business
20 coordinator, the director of PMBDA, the Minority
21 Business advocate, who Mary Jo mentioned, her colleague
22 and technical assistance arm, our attorney, who sits on
23 the board as well. And looking at it really from a team
24 approach, as to what, how best can the Commonwealth
25 serve that particular company's needs.

1 Another of the major prongs for this
2 initiative is to assure that minority businesses also
3 have access to international and trade missions, etc.
4 Particularly, for instance, we have a mission coming up
5 that Governor Ridge is participating in March to
6 Mexico, to New Waverley and Mexico City, and I am
7 actively serving to recruit minority businesses to
8 participate on this mission with the Governor.

9 The other major prong is to lead a supplier
10 development network, again, that is with the existing
11 resources in the Commonwealth. And I have been working
12 with the Philadelphia major shipyard development
13 project that you may have heard about and that is
14 Converna project. There was a non profit established
15 to be the monitoring arm for the Converna business, it
16 is the Philadelphia Shipyard Development Corporation,
17 and I am working with other of my colleagues in other
18 public entities to make sure that there are, there is
19 representation on the supplier end. The construction
20 end is pretty much now along. But, that has a short
21 window of opportunity. Once those buildings are up,
22 that is it. But, the supplier network has really the
23 greatest potential for opportunities in this area, as
24 we, the state and the region, in fact, work to build a
25 shipyard industry. So, we are working with a group of

1 folks to ensure that there is minority participation.
2 Yes, some things need to be done in terms of PR, where
3 that is concerned, and so, there has been, so, we are
4 working on those areas as well.

5 And again, those are the major prongs of the
6 initiative. And I just want to make sure you were
7 aware of that, as well as something very new that is
8 happening and we hope to have very good news to report
9 in the future, as we move along on these, on building
10 these networks, and coalitions, etc. And can
11 ultimately report some successes, to actually say,
12 well, as a result of this initiative we have done X, Y,
13 Z or we see X increase in opportunities for minority
14 businesses, etc.

15 Thank you, again for the opportunity to
16 address you these few minutes.

17 MR. FRAZIER: Okay. Do you have an address?

18 MS. MCKINNEY: Yes, surely.

19 MR. FRAZIER: Your business address. Leave
20 your business card with Mr. Pentino for the record,
21 okay.

22 MS. MCKINNEY: I will certainly to do that.
23 Okay, surely. Thank you.

24 MR. FRAZIER: Thank you.

25 MR. JORDAN: I don't want to mess up the

1 format, but I do have a quick question that may be
2 pertinent. Are you then the person who is going to be
3 responsible for, I believe, is that January 29th, there
4 is a supplier, the Converna is sponsoring I believe it
5 is a forum for potential suppliers, is that you or is
6 that, are you involved in that?

7 MS. MCKINNEY: Okay, well, are you talking
8 about the briefings that have been happening around the
9 State? And in fact, there will be briefings, I think
10 the next is Pittsburgh on the 22nd and then there is
11 Camden. I think at the Aquarian and there is another
12 one in New Jersey. The briefings sessions are open to
13 any company that has any interest. I mean, it doesn't
14 imply any commitment on the company's part. It is
15 totally free.

16 MS. SHAWB: You can register on line.

17 MS. MCKINNEY: And they have a web site. The
18 web site is www.philashipyard.com and you know, there
19 is a lot of information there about the project,
20 itself. About the shipbuilding industry in the area
21 the briefing, the dates and the times, etc., for the
22 briefing sessions.

23 MR. JORDAN: Thank you.

24 MR. FRAZIER: Well, next we are going to hear
25 from a name you have heard all day, Jim Roundtree, the

1 famous or infamous.

2 MR. ROUNDTREE: Depending on the time of day,
3 and elements that people need.

4 But, as you heard earlier, good afternoon,
5 everyone. And my name is James Roundtree and I have a
6 dual title. I am deputy finance director and executive
7 director of the Minority Business Enterprise Council.

8 Minority Business Enterprise Council was
9 established in 1980 to ensure that minority, women, and
10 later disabled businesses were afforded equal access to
11 opportunities to compete and secure within the city,
12 contracts within the City of Philadelphia.

13 As part of our role, the MBEC promotes
14 economic development for minority, women and disabled
15 businesses through a certification process, a contract
16 review process, and monitoring activities. As well as
17 ongoing activities with other city agencies and quasi
18 city agencies, departments in the local marketplace.

19 The revitalization of commercial and economic
20 development of the city has increased the opportunities
21 for minority, women and some disabled business
22 enterprises through various projects, which you have
23 heard both plus and minuses, but, through the hotel
24 boom that we have, office buildings, the Philadelphia
25 Shipyard, the Philadelphia International Airport, the

1 city continues to include minority, women and disabled
2 business owners in the procurement of RC services as
3 ranges are established to provide ongoing opportunities
4 for women and minority and disabled business.

5 I would like to also echo my sentiments as
6 well as my frustration from a professional side to tell
7 you that the impediments and barriers that have
8 historically held minority and women and now disabled
9 businesses back still exists. The insurance industry
10 and quite frankly as I was going down your list of
11 presenters, I was somewhat taken back that there are no
12 major insurance companies that will come before you.
13 There are no major banks that will come before you,
14 thus far. There are no architects, there are not
15 developers. There are no major manufacturers. All of
16 these people will have a profound impact on the
17 utilization of minority, women and disabled businesses,
18 as we move across.

19 One of the greatest weaknesses I believe in
20 any of our programs, is our ability to take a business
21 or a person with an idea, who and I will use the
22 construction industry as an example, that basically has
23 a pick up truck or a pick and shovel, and propel them
24 into a competitive scenario. All of our programs exist
25 for people who have been in business or who can express

1 a certain level of expertise, thereby limiting the
2 overall ability for minority, women and a number of
3 disabled businesses to grow. Now, having said all of
4 that, the key elements for me and my frustration has
5 been, and not dating myself as how long I have been
6 involved in this, but throughout the, my tenure as both
7 in the non profit setting then in the profit now with
8 the administration, that contractors are still not
9 utilizing minority and women businesses in the
10 particular manner in which they are either certified or
11 capable of handling. And I say that because the key
12 elements are, will always come back to you. Can they
13 be insured? Can they get a bond? Can they produce an
14 activity? And I can tell you I have not met through my
15 career, a minority firm that or women businesses, says
16 give me a job just because of my skin texture or my
17 gender. They are all qualified. They all have certain
18 level of expertise. But, it is our responsibility to
19 amplify that. And at some point we need to come up
20 with a structure that builds upon capacity.

21 We have not taken that as a grasp. And I
22 applaud you for sitting through a lot of our anguish
23 and a lot of our frustrations, but you can hear on both
24 sides, there will be organizations or there will be
25 firms that will tell you that is not enough mind

1 turning. There are organizations that will tell you
2 that we stubble over one another, but we do so in the
3 earnest of trying to make sure we minimize things that
4 will fall through the gaps.

5 One of my pet peeves as a professional now,
6 as I sit across the table and I do represent minority
7 and women businesses at the table "opportunity" in many
8 cases, I look at how developers get to us and how the
9 architects and engineers get to us. And not one, not
10 in one instance, someone has said they have called a
11 minority or women business to ask them to give them a
12 budget number, give them a price or even give them some
13 ideas of how to put together some activity that is
14 going to make them success. Then you, once you pierce
15 that area, then you go back to what makes a firm
16 competitive, be it minority or women or what have you.
17 But, it is the pricing mechanism, it is their ability
18 to get supplies, materials. And if you would talk
19 about the service supply and equipment industry, is
20 their ability to get fair pricing from a manufacturer.

21 These times are no longer as lean as they
22 were from '88 through '92, so there should be some
23 opportunities opening. But, however, prior to that
24 time, all of our efforts were spent minimizing the
25 threshold so more minority and women businesses could

1 compete. But, what happened was, the manufacturers ,
2 turned around and started bidding against those same
3 minority firms. Or bidding for those same smaller
4 projects, because those requirements were reduced for
5 everyone. Hence, they didn't give you an opportunity
6 to grow any of those firms.

7 The same thing is happening when it comes to
8 a service area, where they use distributors. If a
9 minority or woman or even a disabled business is now
10 trying to break into the distributor market, they are
11 being met with basically retail or minimum wholesale
12 prices. They are not receiving the same prices as
13 those firms who have been established long enough to
14 provide these goods or services to us. So, it behooves
15 and I have heard it a couple of times, someone to
16 challenge the way we structured our legislation, the
17 way our future legislation will be held, so that it
18 increases some level of flexibility because everything
19 is driven by price. And they will tell you that it
20 will cost more, it will take longer, but in all the
21 practices that we see, if people are given a fair
22 opportunity to compete, that doesn't exist. It doesn't
23 have to cost us any more and will not take us any
24 longer to do whatever it is we have to do.

25 And notice, I said all of this without once

1 bringing in the unions in it. Because I believe if we
2 do the kind of economic incentive things that we can to
3 increase available capital to the firms, then
4 everything else will fall into place. One of the
5 reasons why, the fear that most minority, women
6 businesses have other than the things that you heard
7 this morning, is cost. They are asked to place bonds
8 or put up capital that they would ordinarily use for
9 other financing. Well, if you do that, then you have
10 limited access to your cash flow. And you have money
11 that is sitting somewhere, that you can't use. Hence,
12 they, invariably, a large number of cases, you know,
13 default on their bonds or default on their commitment,
14 and it makes for a sad scenario all the way around.
15 But, there is education process, and although I have
16 been doing this long, I have kind of reduced my
17 standards on the educational process as far as
18 educating businesses to do business and to be
19 available. We have educated people away from
20 opportunities. By the time we finish educating folks
21 to what it is they should be doing, how they should be
22 doing it, we will have missed the boat. We need to
23 have something that continues to teach as they are
24 moving along, but at a pace that they can achieve. And
25 again, the bottom line is economic development. In

1 order for them to achieve these things, they must be
2 competitive and they must produce a good service that
3 are wanted.

4 Now, having listened to a number of your
5 activities, I had planned to be brief, and just wanted
6 you to hear those comments from the Director of the
7 Minority Business Enterprise Council and thank you.

8 MR. FRAZIER: Thank you. Charles?

9 MR. GILLEAN: Thank you. Good afternoon. My
10 name is Charles Gillean, I am with the Small and
11 Disadvantaged Business Utilization Department with
12 SEPTA. SEPTA, for some of you out of town, is the
13 South Eastern Pennsylvania Transportation Authority.

14 We are a city within a city. We tend to
15 think of it like that. We buy everything from soup to
16 nuts. And we even buy lug nuts. So I think if I
17 looked hard enough, I could probably buy, find a
18 purchase order for soup, also.

19 We estimate we purchase about a million
20 dollars a day, seven days a week in goods and services.
21 Over and above that, we have a construction program of
22 approximately two billion dollars over the next five
23 years that we can forecast out is going to be done in
24 the five county area on this. The Small and
25 Disadvantaged Business Utilization Department is

1 chartered with monitoring, and developing minority and
2 women owned businesses to participate in that
3 contracting. Our goal is 21 percent. The actual
4 achievement, the last number I saw, was a shade under
5 23 percent for that particular quarter on this. So, we
6 are well on our way to the goal, on this.

7 The Office looks at every single contract
8 that is issued by the Authority in excess of
9 \$50,000.00, which covers just about all the
10 construction on this. And we identify DBE
11 participation goals for those particular jobs. We take
12 those DBE that we have from our database, that has gone
13 through the certification process and I will get into
14 that in a little bit later, and expose them to those
15 opportunities. They are solicited directly for these
16 jobs. They are also included in what we call a
17 resource listing, which goes out to all the particular
18 contractors. So, they are exposed on that opportunity.
19 They are also invited to the pre bid meetings. One of
20 the favorite things I like to do on this is when a DBE
21 comes to a pre bid meeting, we make a point of having
22 every DBE in those meetings identify themselves and
23 talk about their qualifications and their interest in
24 participating in any particular job. I consider it to
25 be a target rich environment. Somebody in that room is

1 going to get a multi million dollar contract. And we
2 make those DBE stand up and talk about what they can do
3 on there. We don't let anybody leave at that point
4 either. I found it has been very, very effective in
5 getting these people together, talking about the jobs
6 on this. If you compare who the team members are
7 afterwards, to the sign in sheets of these pre bid
8 meetings, and pre proposal meetings, you will find it
9 very hard to correlation.

10 Our office does three functions. The first
11 is a certification function. We certify to a federal
12 standard as to what a DBE is. And it includes women
13 and minority businesses and goes into a fairly
14 extensive detail on this. We do the certifications
15 internally. We also will deal with reciprocity with
16 other transit authorities and state DOTs throughout the
17 nation on this. We do the goal setting, which I
18 indicated earlier. And we will also do the follow up
19 monitoring, which is the most important part, I think.
20 Based upon what the DBE participation goals are, we
21 will make sure those contractors on a monthly basis,
22 meet those goals. They are required to report to us
23 and give us copies of canceled checks, front and back,
24 so we can see where those checks go also, to identify
25 exactly what those DBEs are doing, and how much they

1 are getting paid. We can track that on an ongoing
2 basis. If we see that it is going off the track, we
3 pull those contractors in and bring them back on track,
4 to identify what those problems are. We will also
5 offer the assistance during the course of the contract,
6 for those contractors to find additional DBEs for
7 additional scope that comes up.

8 One of the big areas that we have looked at
9 recently is what we call non traditional areas, the
10 peripheral areas. We have, the general construction
11 and engineering areas on this, but we are also looking
12 at bonding, insurance, photography. One incident came
13 up recently where we identified every single
14 construction job we have has photography on it. It is
15 pre construction and post construction. And these
16 general contractors don't do it. It is a natural area
17 for subcontracting opportunities. So, we have exposed
18 local minority, women who own photography studios, in
19 these and they are working on these construction sites
20 on that.

21 The bid documents SEPTA has are distributed
22 throughout this area, many of them cost 50, 80, 100
23 dollars, but we distribute them out to many of the
24 small business development centers on this and make
25 those available to minority, women owned businesses for

1 inspection. So, they actually access to these things
2 for free on it. Through that they can develop their
3 takeoffs. I love, the Temple Program uses our drawings
4 in their estimating classes. I love it. These guys
5 come into the contracting opportunity and they are
6 very, very familiar with SEPTA drawings on these.

7 One thing I do want to emphasize is in the
8 goal development, the DBE participation goal, we do a
9 separate goal on each job, depending on the
10 subcontractors elements. We compare then the bids that
11 we get in to the cost estimates. That are generated by
12 our consulting engineering firms, and internally on
13 this, these cost estimates are generated purely on the
14 technical basis of what they think this job will be.
15 Invariably, the estimate, the bids that come in, even
16 with the DBE participation involved in it, are below
17 those cost estimates. By my way of thinking, that says
18 that DBE participation adds absolutely no cost to the
19 cost of the contract. Contrary to what many prime
20 contractors will try to tell you on this. The
21 competitive bidding process allows for DBE
22 participation at a cost savings basis on this.

23 Some of the programs we had done to expand
24 our influence, I guess, and access to these is to work
25 with manufacturers in the hard goods area. We can not,

1 like many other local programs, offer a premium to a
2 DBE firm, five, eight, ten percent differential in
3 pricing to be qualified for an award. Because we are a
4 federally funded agency on this. They must be the
5 lowest evaluated bidder. What we have done is to go to
6 these manufacturers and instead of the manufacturer
7 bidding through a distributor, based upon a single
8 quantity unit, we will take, we will expose them to our
9 entire annual quantities. So, instead of bidding for a
10 thousand units, they are bidding on the basis of 10,000
11 units. On the terms of Robertson, Patton, the Sherman
12 '80 Trust Act, then those manufacturers are in a
13 position to offer this competitive pricing to these DBE
14 firms for these single purchases to us, with the
15 anticipation that they will be competitive throughout
16 the year. This has been very, very successful.

17 We have managed to develop a DBE firm in the
18 Mid Atlantic Region here who has the best pricing of
19 anybody in the 3M product line. Nobody in this country
20 gets better pricing on 3M products from the
21 manufacturer than this firm. And they have been very,
22 very successful in bidding, not only to the Authority,
23 but also to other major contractors within this area.
24 One of the things we drive at is no one company is
25 going to be able to make a living dealing with SEPTA.

1 What we try to do is expose them to our counterparts,
2 the city, PECOS, Smith Kline and Beecham, Merck Sharp
3 and Dome, the Housing Authority, Philadelphia Gas
4 Works. We expose them, we trade names back and forth
5 constantly. So, these people, these firms can develop
6 a good customer base in their diversified earnings.

7 MR. FRAZIER: Thank you very much. I guess we
8 are ready for Marc. Thank you very much. Get the
9 mike, Mike, Marc. Get the mike, Marc.

10 MR. PENTINO: Mr. Roundtree, I had a couple of
11 questions regarding the replacement Brimer Study, if
12 you will or the new study to show disparities in
13 minority and women owned business participation. Has a
14 new study been contracted for by the City?

15 MR. ROUNDTREE: Yes.

16 MR. PENTINO: By who?

17 MR. ROUNDTREE: Excuse me?

18 MR. PENTINO: By which firm, is it an Atlanta
19 firm?

20 MR. ROUNDTREE: Yes, by D. J. Miller.

21 MR. PENTINO: Which --

22 MR. ROUNDTREE: We are still in the process of
23 reviewing that, so, it will be really premature for me
24 to give you any specifics on that.

25 MR. PENTINO: How long have you had it?

1 MR. ROUNDTREE: I have not had it.

2 MR. ROUNDTREE: Oh, but you are reviewing it
3 now?

4 MR. ROUNDTREE: No, the process is not
5 complete.

6 MR. PENTINO: Okay. What date was the study
7 contracted for by the City?

8 MR. ROUNDTREE: We began this in, I believe,
9 this is '99, in '97.

10 MR. PENTINO: Is there a target date for its
11 completion?

12 MR. ROUNDTREE: We have had several target
13 dates and they have moved. So right now, within the
14 next several months, it should be complete.

15 MR. PENTINO: Okay.

16 MR. FRAZIER: Is it that we would like a copy
17 of that, Marc?

18 MR. PENTINO: It is.

19 MR. ROUNDTREE: Once it is complete for public
20 consumption, I will be very, it wouldn't be a problem.

21 MR. PENTINO: Has MBEC received very many
22 complaints from minority and women owned businesses
23 regarding either unions or barriers?

24 MR. ROUNDTREE: Yes. That is what we do for a
25 living. Yes, we do. We receive complaints all the

1 time. There is a couple of misconceptions. One, about
2 the, I believe it was Project Labor Agreement, that the
3 City is entering into a number of project labor
4 agreements or that all of the city projects, capital
5 improvement projects have city labor agreements,
6 project labor agreements. And that is not correct. We
7 have to date have only had three project labor
8 agreements specifically, they are departmental wide, so
9 there is one with the, there are two, I am sorry, two
10 with the International, the airport, Philadelphia
11 International Airport, and one with the 1 Parkway
12 Building.

13 MR. FRAZIER: And these are the union only?

14 MR. ROUNDTREE: No, it is not union only.

15 That is another, that is another misconception. And I can
16 provide a copy of that for you, so you can really
17 review it for yourselves. But, it is not union only.
18 It has a number of references to organizations that can
19 provide a specific type of work force, when and why.
20 And it also has a clause that says that anyone can
21 participate.

22 MS. TARR: Mary Jo, where and when do you hold
23 your training sessions?

24 MS. SHAWB: We hold them throughout the state.
25 There are two, anywhere from two to four per month.

1 What we do is, we work with primarily the small
2 business development centers, local development
3 districts and some chambers of commerce.

4 MS. TARR: So, where do we find out what your
5 schedule is?

6 MS. SHAWB: What we do, is whoever we partner
7 with, we share our list with and that partner then
8 sends notification out to the local communities. So,
9 it is really through the SBTCs or your chambers of
10 commerce.

11 MS. TARR: And these are no cost training
12 sessions?

13 MS. SHAWB: Pretty much all of them are no
14 cost. The chambers, we do allow the chambers to cover
15 some, charge a nominal fee for incidental costs.
16 Sometimes they are 10 or 15 dollars.

17 MS. TARR: Okay.

18 MR. FISHER: This question is directed to Mr.
19 Roundtree. I am not sure how your structured, but it
20 seems to me that from some of what we heard today, one
21 of the big problems in this whole scenario, is a lack
22 of follow up and a lack of monitoring, etc., etc. You
23 know, from, the way I understand it, people go through
24 the process and everybody says, fine, everything is
25 honky dory, but after that, the general contractor may

1 play a lot of games and do a lot of things somehow to
2 get that minority owned business out of the picture or
3 whatever. And I think that I heard from SEPTA, that it
4 seems that they have what I would consider, from what I
5 heard, an excellent monitoring system and I think you
6 said on a monthly basis and looking at the fronts and
7 backs of checks and they know how much is being paid.
8 Are you, is your organization set up to do that kind of
9 extensive monitoring after the preliminary things are
10 let because that may be an area that could be very
11 helpful to reduce a lot of the problems?

12 MR. ROUNDTREE: On what we perceive as major
13 projects, we have done that specific activity. By and
14 large we have a monitoring process, our organization is
15 similar to SEPTA, is divided up into three areas. We
16 have a certification unit, we have a public works
17 service, supply, and equipment unit, and we have a
18 professional service unit. And each one of those units
19 are responsible for monitoring the contracts that are
20 developed through their organization. So, yes, we do
21 have an activity in process. However, we don't do each
22 and every contract like that. There are several
23 contracts that we identify, that we have intensive
24 monitoring activity. And then that we require
25 information on a monthly basis. And there are several

1 other contracts that we require information on a
2 bimonthly or semi annually basis. So, there is some
3 monitoring process.

4 MS. SHAPIRO: Mr. Roundtree, I have a
5 question. Has your council received any complaints
6 regarding Converna, also regarding unions, and if so,
7 can you give us a sense of how many and what is being
8 done to respond to those?

9 MR. ROUNDTREE: Okay. I have received a lot
10 of verbal complaints. I haven't received, I haven't
11 received any in writing specifically for the Converna
12 project. But, there were public hearings that were
13 held because there were so many complaints and outcry
14 by the minority and women business community for a lack
15 of access. And I participated or I attended at least
16 two of those hearings. I am participating as part of a
17 team to address all of the concerns that were brought
18 up in the hearing. And surely we should be able to
19 produce a report through GPAC, that will identify all
20 the areas that were at least identified at the hearing
21 as problems. Most of them were access to the
22 information, access to the contractors, themselves.
23 And we think that we put together a process that should
24 help eliminate that. And one of the things that are
25 going on now, is going on now, is the buyer, vendor

1 markets that are being held around the Delaware Valley,
2 to inform people about the activity that will take
3 place after the construction, the actual permanent job,
4 the permanent purchasing activity that will be handled
5 through Converna after the construction is done.

6 MS. SHAPIRO: Can you give us a sense of the
7 numbers regarding the complaints with Converna and
8 unions and can you tell me a little bit more, tell us a
9 little bit more about who is on this committee that has
10 been established to look into this?

11 MR. ROUNDTREE: Okay. The number, I think
12 both of your, your question has two different answers.
13 First, the complaints about Converna did not really
14 have anything to do with the union issues. Right now,
15 it is just purely access, okay.

16 MS. SHAPIRO: No, separate it.

17 MR. ROUNDTREE: Okay. All right, so from the
18 Converna standpoint, there is a representative from
19 OACD, representative from GPUAC, a representative from
20 Converna and a representative from MBEC and one of
21 Converna's legal counsels, that we have been meeting
22 and trying to produce a report to address these issues
23 that were brought up in the hearing.

24 Now, aside, on the union issue, I have
25 received about six to eight complaints. Specifically,

1 about activities that is taking place as a result on a
2 project labor agreement, but when it was investigated,
3 it was not, those incidents were not covered by the
4 project labor agreement. And so, we provided
5 information to those firms who had that request, to the
6 appropriate people, and basically, sent them
7 information. So, that is, to my knowledge, those are
8 the only complaints I have had about the public, the
9 project labor agreement.

10 There are always issues with the unions as
11 far as minority and women businesses are concerned,
12 because so many of them are non union. And some of the
13 complaints that they have is basically a lack of
14 knowledge of the process. And so, we try the best we
15 can to provide them with technical assistance to
16 understand the process. It still, it is their choice,
17 whether they want to be union or non union. We do not
18 try to advocate one or the other. And there, to my
19 knowledge, there is not a policy that takes one over
20 the other in city government.

21 MS. SHAPIRO: Are MWBEs at the table when this
22 process is being designed?

23 MR. ROUNDTREE: Well, what, what process are
24 you speaking of?

25 MS. SHAPIRO: Well, you know, the processes

1 that they have to follow in order to get business, you
2 know, are they at the table helping in the design and
3 development of these processes that have to be
4 followed?

5 MR. ROUNDTREE: The only processes that they
6 have to follow is a marketing process to get business.
7 One of the things that we try and provide for them is
8 information as quickly as we can about opportunities
9 that exist. Then it is up to them along with one of my
10 staff members to make sure that they are contacted, if
11 their names are used, to follow up with them, to make
12 sure that they know that their names were included on a
13 document and go from there. But, there is not a
14 specific process where we sit at the table and say,
15 this person should do that and that and --

16 MS. SHAPIRO: The reason I asked is because I
17 have had some experience on the Mayor's Commission for
18 people with disabilities, and that commission over the
19 years has had input into policies within the city, that
20 affect people with disabilities. And I am just
21 wondering if there is a similar opportunity for MWBEs.

22 MR. ROUNDTREE: We sure will when we try and
23 propose new legislation for our program. The Minority
24 Business Enterprise Council was established through
25 what is called 17500 of the City Charter. And as of

1 reports. They come in and audit us on a regular --

2 We operate under the Federal Transit
3 Administration. We give them periodic reports on our
4 activity, whatever breakdowns that are required. And
5 they also will come in and audit our contracts and our
6 monitoring of those contracts on a regular basis,
7 annually, biannually and triennially. There is three
8 different cycles, I believe. They will come in and
9 totally unbeknownst to us, will give us a series of
10 contracts and pull them out.

11 MR. FRAZIER: What do you do about notifying
12 the public about your progress?

13 MR. GILLEAN: We will advertise our goal every
14 year. We do it in the Inquirer and the Tribune and
15 also the APTA, American Public Transit Association
16 Journal, on this. We allow for public comment at that
17 point whatever DBE participation goal we want to try to
18 assign. While I have been there we have gone from 17
19 to the 21 and 21 percent annual basis on this. Does
20 that answer your question?

21 MR. FRAZIER: Well, yeah, that is sort of a
22 legal answer. You know, it is kind of a marketing
23 thing, you know, if you were a business person, would
24 you be satisfied with that type of outreach? Probably
25 not, even though you have reached your goal.

1 December 31, 19 --, I believe 1987, that sunset, so we
2 have been working under an executive order since that
3 moment. Part of Mr. Pentino's question about the
4 disparity study will speak to that. As part of that
5 process, we have to conduct either a business
6 utilization study or a disparity study to identify what
7 inequities exist, that prohibits minority and women and
8 disabled businesses from participating in city
9 government. Along with that, there will be public
10 hearings. And we, I cannot say this enough, how
11 important it is for minority and women and disabled
12 business firms to come up and voice their concern about
13 either their lack of participation or their lack of
14 access at that time.

15 . And, again, that is part of that overall
16 planning process and they will help shape the way that
17 minority and women business and the city program will
18 be established in the future.

19 MS. SHAPIRO: This area is not my bailiwick,
20 okay, I hope that is not too obvious during the course
21 of the day. But, Mr. Gillean from SEPTA, you seem to
22 have a pretty strong monitoring system in place and I
23 would like to ask who monitors you?

24 MR. GILLEAN: We are administered by the
25 Federal Transit Administration. We give them periodic

1 MR. GILLEAN: We do some very, very aggressive
2 marketing on this. There is always room for
3 improvement. Since we look at every single contract
4 individually, on this, there is some give and take on
5 every single one of them. We have to come to a
6 concurrence internally on what that goal is. So, I
7 have to go up against my project engineers, who are
8 interested in having as few subcontractors on that job
9 as possible and negotiate out that participation goal.

10 MR. THUY: I have a question for you.

11 MR. GILLEAN: Yes.

12 MR. THUY: Do you have an advisory committee
13 consisting of minority and women to help you, to reach
14 out to -- and other contractors?

15 MR. GILLEAN: Per se, no. I have to say no on
16 this. But, we have participate in many minority
17 business organizations, National Association of Women
18 Business Owners, Delaware Valley Regional Minority
19 Supplier Council, Women's Business Development Center,
20 on these, so these are representatives of organizations
21 within this community. And they have very, very close
22 input as to what we do on a day to day basis.

23 MR. PENTINO: I have a last quick question for
24 me. Mr. Roundtree, or Mr. Gillean, what would be your
25 ideal city enforcement or oversight agency? What

1 powers do you wish MBEC had other than a renewal of
2 17500, but --

3 MR. ROUNDTREE: No, no, that is, I would like
4 to renew with 17500 with some caveat. And the caveat
5 is our ability to withhold contracts or stop payment.
6 It is a very lengthy process, I am not sure about
7 SEPTA, but it is a very lengthy process for the city to
8 stop a contract. And there are several other people or
9 agencies involved that could do the same thing. The
10 quickest way for us to do is to call the Comptroller up
11 and tell them that a certain firm is not in compliance.
12 And that stops it right there. But, along the way you
13 have to provide sufficient amount of documentation,
14 several other people will have to review it from the
15 Department of Public Property, through Capital
16 Projects, to see the impact it will have on the city
17 financially. So, if I had a wish list and I wanted to
18 strengthen our agency, one of the things that I would
19 say is just that, that we have the legislative
20 prerogatives to sign off on contracts again, because
21 right now through this wonderful age of technology,
22 everything is done via E-mail or via computer. And it
23 becomes, it comes as a blimp on my screen after the
24 budget. Through, in the budgetary process, we review
25 the wish list of the departments, but after that it

1 becomes a single line on a computer to someone in my
2 unit, to say yea or nay, they have complied or they
3 have not complied. And then to find a paper trail. So,
4 I would like for us to be able to again, to make sure
5 that we have signing authority on all the contracts,
6 signing authority and I know this is going to sound --

7 MR. PENTINO: Bureaucratic is the word.

8 MR. ROUNDTREE: Yeah. But, another signing
9 authority at the invoicing process when everyone
10 submits their request for payments. Because one of the
11 biggest problems that we had and we get the blame for
12 it, but one of the biggest problems that an agency like
13 ours has, is when we contacted a minority or women
14 business and say how are things? I mean, we have your
15 contract, in the event that we do have your contract,
16 we have your contract, and you are suppose to be doing
17 this and this. How are things going? Have you been
18 paid? They will say, yes. Well, I submitted an
19 invoice, okay. Well, how did you relationship? It is
20 fine. Well, six weeks later, eight weeks later, we get
21 a friendly phone call, I haven't been paid. How long
22 have you not been paid? Well, I haven't been paid in
23 three months. Why haven't you been paid in three
24 months? I don't know. So, then it becomes a task of
25 trying to find out where that last payment was, who

1. received it, who signed off on it. And to the
2 individual it is crunch time for them. They,
3 invariably they come to us at the 12th hour and their
4 lives are on stake. So, their lives are at stake as
5 far as payments and things of that nature. But, the
6 wheel moves slowly. And so, until we get the problem,
7 we can pick it up and stop the process. And that is, I
8 mean, when you do that, that whole mechanism stops.
9 And from an administration standpoint, that is the
10 horrible tool to get someone. And also, at the same
11 time, stop your entire economic process. So, I mean,
12 if we can have our druthers, that is exactly what I
13 would want. And I would have to say that our agency
14 could do that with the additional manpower and some
15 computers and we could do that.

16 MR. JORDAN: I just want to piggyback on
17 that. Do you think then that, because there was a lot
18 of questions today about what your enforcement powers,
19 is there confusion about what you, what powers you do
20 or what you can and cannot do. Because the impression
21 we were given today by maybe members of the audience or
22 is that they think you may have more enforcement power
23 than you actually have. So, respond to that.

24 MR. ROUNDTREE: I want to respond to that like
25 Clark Kent would do if somebody asked him if he was

1 Superman. That is something that you kind of really
2 don't want portray in public because I say that in all
3 candid, under 17500 we very specific power. We could
4 do this or that. Under 193, which is an Anti
5 Discrimination legislation, we are basically on with
6 only making sure that the companies do not discriminate
7 at any part of the process. And so, if they can find
8 the glitch that is a part of the normal course of the
9 way they do business, our hands are tied.

10 MR. FRAZIER: Upon reflection of your visit
11 with us today, I would like to ask you to put that wish
12 list in writing and send that to us as to the way you
13 would right this ship to the best of your ability.

14 MR. ROUNDTREE: Okay.

15 MR. FISHER: Let me just ask one final
16 question, Mr. Roundtree, because from some of the
17 comments we heard this morning, from a number of the
18 people that spoke on the panels, one other thing I
19 think that came across was anger and frustration over
20 the fact that they alleged that they were literally
21 getting screwed, so to speak, and they have been
22 complaining to all kinds of agencies and all over the
23 place, and not getting any response at all. And my
24 question, as far as you know, in your department or
25 anywhere else, when you get a complaint from a

1 contractor, do you normally have somebody in your
2 office to at least give them a response, understanding
3 it may not be what they want to hear, but at least, one
4 thing that is very frustrating is people that have a
5 problem and they have nowhere to go and nobody to
6 listen to and nobody even to acknowledge that they have
7 made the complaint.

8 MR. ROUNDTREE: The short answer to, the short
9 version answer is yes. What we try and do with
10 everybody who calls to MBEC with a problem or a
11 concern, is we try to find out who specifically is
12 responsible for advising them or handling that problem.
13 If it is within our organization, if it is even within
14 the City departments, my staff person is, will then do
15 whatever they can to alleviate that. But, when it goes
16 outside of our organization, we try to do some of those
17 other things that I didn't want to allude to, that we
18 would make a phone call and say, "Well, listen on
19 behalf of City of Philadelphia, we want this or that."
20 Unfortunately, the latter is a longer process. And
21 people don't want to hear that you really still are
22 looking. They want a specific, if they call with a
23 specific question, they want you to answer that
24 question. What I have told or what our policy is now,
25 if we can't handle it, we try to find out who is

1 suppose to, and then refer them on.

2 The issue with the, the issue with the union,
3 that is a prolong issue. It requires a number of
4 delegate meetings and things of that nature. That is
5 not something that you can kind of answer really
6 quickly. So, in that instance, I do recall a firm
7 being real frustrated that we did not respond to them
8 very quickly. And then once we did, they thought that
9 it wasn't appropriate. However, it was the best answer
10 we could give them for the problem that they had. And
11 unfortunately, I couldn't fix it in my shop. We had to
12 rely on some outside sources, and we waited for the
13 information to come back to us, to say, what we could
14 and could not do.

15 The other thing that hangs over the agency's
16 head, is our legal standard. What, what can we legally
17 do? What can we even project that we can legally do?
18 So, somebody comes to me with a problem of a specific
19 magnitude, my next call is to my attorney. The Law
20 Department has to then dictate how I respond to this
21 issue. And unfortunately, especially in a union case,
22 in the union cases, it is not a quick answer. It is a
23 research type of mechanism and then it is, "Did you
24 call that person, or did you call this person here?"
25 And if I miss somebody in the step before I can respond

1 to that individual, I have to go back and cover that
2 step. So, I can make sure that at least whatever
3 answer that we gave, when I see it again, in the court
4 of law or somewhere else, that has a legal standard, it
5 was an appropriate answer, and legal counsel had
6 advised me.

7 MR. GILLEAN: Can I relate an antidote on
8 that? Something that happened in SEPTA?

9 MS. SHAPIRO: Quickly.

10 MR. GILLEAN: Just last month on this. We pay
11 our contractors once a month, there was a disagreement
12 between the prime and the DBE subcontractor on this.
13 That prime contractor came into our offices to pick up
14 his monthly check and in his hand he had a certified
15 check to that DBE firm. And he knew that if he didn't
16 bring that check in, he wasn't going to get his.

17 MS. SHAPIRO: Okay.

18 Mr. Gillean, do you have a wish list, a
19 quickie?

20 MR. GILLEAN: You know, actually I kind of
21 like the way the program operates on this. Obviously,
22 we could use more people. Over the years I think we
23 have reduced staff by about 60 percent and probably
24 doubled our work load on this. I would be able to look
25 at it a little bit better on this, but all and all I

1 think we do a fairly good job in monitoring and
2 exposing the DBEs to the contracting opportunities.

3 MS. SHAPIRO: Well, okay, thank you to each of
4 you. Thank you very much. We really appreciate the
5 time you spent with us this afternoon and for the
6 travel that you have undergone.

7 MS. TARR: May I just mention something while
8 they are transitioning here. The State does have
9 another initiative, the Independence Capital Access
10 that will give small business up to \$50,000.00 to
11 provide accessible equipment or whatever is needed to
12 hire a person with a disability. So, that~~s~~ is out
13 there, too. It is called the "I Can Project" and you
14 can get information on it through the Office of
15 Vocational Rehabilitation.

16 MS. SHAPIRO: Thank you very much, Connie.

17 Okay. We were scheduled to take a break.
18 What do you want to do? Okay. We are going to take a
19 five minute break and then we will resume with the
20 public open session.

21 (Whereupon, a short recess was taken.)

22 MS. SHAPIRO: Take your seats.

23 Since we hear it is pretty nasty outside, we
24 don't want to run too late with this. So, what we are
25 about to do now is to embark on our last session, which

1 is an open session, which was planned to allow audience
2 participation, so that we could get as many other views
3 as possible on the record. We have several people who
4 have pre registered to speak during this session. But,
5 then the remaining time will go to people who identify
6 themselves to Mr. Pentino, once he comes back into the
7 room. Just let him know that you would like to make
8 some comments for the record.

9 Let me remind people that there is
10 information in the back of the room. That we will
11 accept any other documents and written testimony until
12 February 11th. The record will be open for receiving
13 that material.

14 And we would like to again remind you that we
15 want to avoid any defamatory remarks so that we can be
16 as fair as possible here.

17 So, with that, I am going to, I don't know if
18 Jim is still here, but Jim has to fly back to
19 Pittsburgh, catch a plane, so, Karen Detamore is going
20 to moderate this session for us. And I will turn it
21 over to Karen.

22 MS. DETAMORE: Thank you. What I would like
23 to do is call first on the three people in the order in
24 which they are identified on the agenda, that have
25 registered before today for this open public comment

1 section. Then I have been informed by Mr. Pentino,
2 that there are three other people who have subsequently
3 registered and we will get to them next. As the
4 Chairperson said earlier, if there are additional
5 people who want to speak, please register with Mr.
6 Pentino and we will take people in the order in which
7 they come. I would ask you to keep your remarks brief,
8 so that we can allow a number of people to testify and
9 finish on time.

10 So, with that, are you Mr. Hanford Jones?

11 MR. JONES: Yes, Ma'am, I am.

12 MS. DETAMORE: I will turn it right over to
13 you then. Thank you for coming.

14 MR. JONES: My name is Hanford Jones, I am
15 currently the Economic Opportunity Coordinator with the
16 City of Philadelphia, Office of Housing and Community
17 Development. However, my comments will be based on my
18 12 years as executive director of the Maryland Minority
19 Contractors Association.

20 I would like to thank the Commission and its
21 members, and Mr. Pentino, for the opportunity to speak
22 on today's hearing topic. In my former capacity as the
23 executive director of the MMCA, I have come to respect
24 and realize that trade associations are the heart and
25 soul of any industry group, majority or minority.

1 Today, however, I just want to make a few points, that
2 public agencies and private agencies that work with
3 black minority, women and/or disabled disadvantaged
4 business enterprises need to focus on and to add to
5 their list of solutions, to creating that level playing
6 field that everyone talks about.

7 Black and minority, women, disabled,
8 disadvantaged business enterprise trade associations,
9 are just as equally supportive of their membership as
10 the majority trade associations, Association of General
11 Contractors of America, American Associated Builders
12 and Contractors, etc. One should not try to compare
13 black and minority women, disabled, disadvantaged
14 business trades associations and/or their
15 representatives on an equal level as their white trade
16 association counterparts because they are extreme
17 differences. For example, in Maryland and still today
18 here in Pennsylvania, we had one of the few black
19 construction trade associations in the nation with a
20 day to day executive director. In the majority
21 construction world of trade associations, they not only
22 have an executive director, but an assistant executive
23 directors with big budgets, staffs and expense
24 accounts. Most anti black minority, women, disabled,
25 disadvantaged business enterprise legislation and/or

1 lawsuits out of Washington, Harrisburg or Philly, come
2 from these well kneeled white trade associations, whose
3 lobbying influences are unbelievable. Black and
4 minority women, disabled business enterprise trade
5 associations generally are inclusive of both
6 union and non union members, plus all the various trade
7 categories that one can own a business in, excavation,
8 painting, structural steel erectors, electrical,
9 mechanical, etc. Majority trade associations, however,
10 do not have this difficulty in conflict of membership
11 interest and can more clearly and effectively advocate
12 for their membership with a much clearer message.

13 It is very important that public and private
14 agencies that monitor and work for the increased annual
15 gross receipts of black minority, women, disabled,
16 disadvantaged business enterprise firms understand the
17 dilemma faced by the industry that they are suppose to
18 assist. Without that understanding, these types of
19 officials and may I remind you, I am one of them, can
20 easily be persuaded to rule in favor of the big boys.
21 Because their spend factor is greater.

22 Remember white trade associations and their
23 members represent those firms and owners that dominant
24 their particular industry and that dominance was gained
25 during times that black minority, women, disabled,

1 disadvantaged business enterprise firms were not
2 allowed to receive some of those annual gross receipts
3 or public or private projects. What we have here today
4 is the reality that the gains achieved by white trade
5 associations and their memberships were gains made
6 during acts of discrimination, bid rigging and other
7 practices that solidified their strong hold in the
8 construction and supply industries.

9 Unfortunately in all the successful U.S.
10 Department of Justice convictions of construction big
11 riggers during the middle 1980s to the early 1990s, was
12 the absence of any of these firms losing construction
13 equipment, plants or anything. Gains made during
14 periods of discrimination exclusive and illegal bidding
15 practices. So, what happened is that even with
16 convictions, the majority contractors coming out of
17 prison, never missed a beat in the industry. No
18 convicted highway bid rigger was tossed out of their
19 trade association. And if they were, when they came
20 out of prison, they were immediately reinstated.

21 Level the playing field. What and how does
22 one do that to gain somewhat of an appearance of
23 equality? It can be accomplished, it cannot be
24 accomplished without the dominant firms losing
25 something or the black minority, women, disabled,

1 disadvantaged businesses being given something.

2 In New York City, for example, when the State
3 and City of New York prosecutors did an investigation
4 of mafia control of the unions in the construction and
5 supply industries, the City of New York created a
6 concrete MBE firm and assured that they had city
7 contracts once they closed down the previously owned
8 and controlled mafia firm. In Philadelphia, there are
9 no concrete or asphalt paving manufacturing firms that
10 are owned and controlled by any black, minority, women,
11 disabled, disadvantaged business enterprise. How does
12 Philadelphia level the playing field for any black,
13 minority, women, disabled, disadvantaged business firm,
14 trying to open such an enterprise? How can a black,
15 minority, women, disabled, disadvantaged business firm
16 win when bidding as a prime against white firms, who
17 have concrete and/or asphalt plants. Officials of
18 public and private agencies say that the black,
19 minority, women, disabled, disadvantaged business bids
20 were too high. Well, what do they expect, you have got
21 to buy your concrete from the same guy that is bidding
22 on the same job, you pretty are not even going to win.

23 There has to be some new rules written to
24 level the playing field. And these rules must include
25 those government quasi public agencies, taking the

1 stand that the extra two or five dollars is how to
2 level the playing field, when all other things are
3 equal. Remember the loss dollars by black, and
4 minority, women, disabled, disadvantaged business
5 firms, when they were not allowed to compete or did not
6 participate in bid rigging schemes, are due something
7 in monetary terms. Maybe that is leveling the playing
8 field.

9 The IRS will close down a black, minority,
10 women, disabled, disadvantaged business, knowing that
11 they have X amount of dollars in accounts receivable
12 payments due them from public and/or private sources.
13 Instead the IRS creating an office to assist that black
14 or minority, women, disabled, disadvantaged business
15 enterprise to get that money that is due them for work
16 completed, they will close your business and close your
17 bank account.

18 Level the playing field. The IRS could help
19 level that playing field by taking an interest in
20 assisting these firms and getting the monies due them,
21 especially on public and private projects.

22 When a black or minority, women, disabled or
23 disadvantaged business enterprise trade association is
24 right on target with an issue, public and private
25 agencies tend to disavow that trade association. But,

1 let ADC or General Buildings Contractors Association
2 file a reverse discrimination lawsuit against the MBE
3 programs, in a locality or state or federal agency, and
4 win, and those officials, who are there to support
5 black, minority, women, disabled, disadvantaged
6 business community, will increase their working
7 relationship with the majority trade associations and
8 put them on advisory task forces, etc.

9 If one were to take a survey of black and
10 minority and women, disabled, disadvantaged business
11 enterprise oversight or advisory committees here in
12 Philadelphia, and see how many trade associations
13 representing that group versus majority contractor
14 associations, and who is on those advisory groups,
15 clearly we would lose. We, being black, minority,
16 women, disabled and disadvantaged business enterprise
17 trade associations representatives and/or their
18 members. They don't serve on, I don't know of any
19 committee they serve on in the City of Philadelphia.
20 But, yet, the guys who sue and dominant the industry,
21 are on every committee.

22 Many of these public and private officials
23 and I am one of them, are unconsciously unaware of
24 these actions because we are programmed to work with
25 the big guys, no matter what. Since I have had the

1 dual experience of working the black trade association
2 route, and now the public agency route, I can easily
3 see both sides fairly clearly. I have to stop myself
4 sometimes and remind myself that I must do the right
5 thing. And that is to work for the black, minority,
6 women, disabled and disadvantaged business enterprises
7 as long as they are in the right. Trust me, they
8 usually are. But, it is much easier to see the big
9 guys way, because who isn't for the big guy.

10 Rules are in place to chastize those who
11 violate black, minority, women, disabled, disadvantaged
12 business contracting and procurement guidelines,
13 policies. It is usually the trade associations black,
14 minority, so on, that try to encourage public and
15 private agencies to render out punishment to these
16 majority rule violators. Unfortunately, the record
17 shows that black, minority, women, disabled,
18 disadvantaged business trade associations and their
19 members have not been very successful in getting
20 punishment rendered against majority contractors who
21 violate these types of program guidelines and policies.

22 In conclusion, more and unusual efforts must
23 continue in the quest to level the playing field, in
24 everyone, in everyone's efforts to make bidding and
25 contracting an equal process. Or maybe there needs to

1 be a new definition of equal. I am ready to figure
2 out a plan, are you? I think so. Let's get busy.

3 Before I end, I would just like to as it
4 relates to U.S. Department of Transportation funded
5 projects. Since 1987 when they went to a one goal
6 process, DBEs, on federal highway annual reports and
7 semi annual reports, black and other minority
8 contractors annual gross receipts have lessened because
9 it is much easier to give work to your sister or your
10 mom or other family white construction business that is
11 now a WBE, and still be a responsive, responsible
12 bidder. And that is what is happening. So, we would
13 encourage the U.S. Civil Rights Commission to meet with
14 Secretary Slater and encourage them to go back to a two
15 goal process of federally assistance U.S. DOT projects.

16 Also, we would like to make sure or request
17 that the U.S. Commission on Civil Rights encourage the
18 U.S. Treasury Department to go back to that self
19 insurance bonding program, because that was working for
20 a one or two year test period, when it was being
21 conducted. And some slaflue(ph) went down in D.C.
22 whereby the guy committed suicide and so on and so
23 forth and they closed it down. But, you know, savings
24 and loans and banks didn't stop after the savings and
25 loan, they cleaned it up, sent some people to prison

1 and are trying not to let it happen again. So, we
2 would, I would encourage the U.S. Civil Rights
3 Commission to encourage the U.S. Treasury Department to
4 reinstitute the self insurance bonding program.

5 Also, use some of the empowerment zone monies
6 and/or Section 108 monies, and other grant programs for
7 black, minority, women, disabled, disadvantage
8 businesses to purchase equipment. If I did want to
9 compete and open up an asphalt plant, I still wouldn't
10 be the low bidder because I have got to pay off this
11 new equipment, that these boys, 30, 40 years old, that
12 they have owned and paid off 10 times already. So I am
13 still won't be competitive and/or equal even though my
14 chair looks like their chair.

15 MS. DETAMORE: Thank you. I have to ask you
16 to wrap your remarks because we do have a number of
17 other people.

18 Rather than take questions because we do have
19 a list of people waiting to speak, I think what we
20 should do is try to get all the people that have
21 already registered and then if there is any time left
22 for questions, we can do that. But, we do appreciate
23 your coming.

24 MR. JONES: Thank you for listening to my
25 testimony.

1 MS. DETAMORE: And again, if any of the other
2 people who were going to speak have written materials,
3 please provide copies. If you have a written
4 statement, I really ask that you submit the written
5 statement and try to just summarize your remarks,
6 rather than read the whole statement at this point.

7 The next person who had previously registered
8 was Sean Smith. Is Mr. Smith here? Well, that gives
9 us a little more time.

10 The next person who had previously registered
11 was Al Schucker. Well, that gives us even a little
12 more time.

13 The next, I hope I am reading this right,
14 Dennick Townco? Derrick, I am sorry.

15 MR. TOWNS: I am just going, well, I can read
16 my letter that I sent to Mr. Pentino, if that is fine.

17 MS. DETAMORE: Okay. If it is very short.

18 MR. TOWNS: Okay. It is short.

19 "Dear Mr. Pentino:"

20 MS. SHAPIRO: Give your name for the record.

21 MR. TOWNS: Okay, my name is Derrick Towns. I
22 am the owner of Towns Mechanical Contractors. Okay.

23 "Dear Mr. Pentino: As a follow up to our
24 conversation on January 7, 1999, I am writing this
25 letter to inform you of some of the occurrences that

1 have taken place in the past few years."

2 "Unfortunately, I have been subjected to the
3 unfair union labor tactics by Local 98, Philadelphia
4 Electrical Union. As a certified MBE contractor with a
5 100 percent minority work force, I have a good work
6 reputation for completing jobs in a timely manner. On
7 several jobs, West Poplar Phase II, Sarah Allen and
8 Southward, I was verbally with a mutual handshake, told
9 that these jobs were to be awarded to me. However, the
10 contracts did not follow. Because of the union's
11 threats to owners and general contractors, I lost these
12 jobs. These threats were solely based on my prerogative
13 to remain non union. "

14 "For example, the Southward project, was
15 awarded to a union contractor for \$1,465,450.00. My
16 bid for this project was \$1,337,250.00, which is a
17 difference of \$128,200.00. After the other union
18 contractor was awarded the job, he later subcontractors
19 it out to yet another contractor for less than the
20 original amount awarded to him. It is such union
21 tactics like these that are clearly unfair to owners,
22 general contractors, and subcontractors like myself."

23 Thank you.

24 MS. DETAMORE: Thank you for coming.

25 The next person on the list is Nancy Myers.

1 Ms. Myers? And again, if you could say your name into
2 the mike for the record, thank you.

3 MS. MYERS: My name is Nancy Myers. I am
4 president of a company called QWIC, Q-W-I-C, stands for
5 Qualified Women and Minorities in Construction.

6 I will submit written testimony, but your
7 agenda really tells the story. I think the absence of
8 people from the prime firms on today's agenda is really
9 the key to a lot of the series of problems that we have
10 been talking about.

11 Some of the things that we are doing on some
12 of the jobs that my company is running maybe would make
13 some kind of an innovative idea here.

14 There is a 1.2 billion dollar transportation
15 project in North Jersey right now and another one in
16 South Jersey, that is about a billion dollars, for
17 which we have been hired by two very strong
18 international firms, Bechtel, and Raytheon, to run a
19 full service, full time resource center from minorities
20 and females. Our goals on the project are 30 percent
21 on the one up in North Jersey. We are only in
22 construction for two years and we have already
23 surpassed the goals that were set for us by New Jersey
24 Transit for minority and female participation.

25 The keys to, I think, what is working is

1 there is a centralized resource center that is
2 available to the firms all the way from how do you get
3 your information about what jobs are to bid, all the
4 way to providing mobilization funds and training funds
5 and ongoing help all throughout the project, with
6 workshops, meeting with the public who have the
7 contracts to give.

8 We also coordinate with a public, private
9 partnership called the Regional Alliance for Small
10 Contractors, that was set up about 10 years ago by the
11 Port Authority of New York/New Jersey. It is private
12 developing firms. There are construction firms,
13 architects, engineers and all the agencies in New York
14 and New Jersey involved in construction, and we have a
15 full series of financial programs and training programs
16 and loan executive programs, networking that type of
17 thing, which is a very important component of why we
18 are able to pull the kind of numbers that we are.

19 There is also a construction council and task
20 forces that involve not only the DBEs, and the people
21 involved in affirmative action, but also the people who
22 have the contracts to let. And I think that full
23 circle is really the key to what we think might be
24 working a little bit better than just having a part of
25 the team available.

1 So, I know everybody is tired. I will keep
2 it short, but, I will submit something in writing.

3 MS. DETAMORE: Okay. Thank you very much.

4 The next person who has already registered on
5 the list is Ambrose Chukwanenye. And again, if you can
6 sit down at the mike and state your name first.

7 MR. CHUKWANENYE: My name is Ambrose
8 Chukwanenye. I am the president of Conquest
9 Instruction Services. I am a union contractor. So,
10 what I am saying to you, have a firsthand experience.

11 I have listened to Jack Shannon from Penn,
12 talk about Penn, Penn policy of inclusion. And I
13 reminded him after he had left, he needs to check his
14 university before he comes out in the public for and
15 claims something that is not true. -- has two distinct
16 department. It has the academic department and a non
17 academic department construction. And the academic
18 department is the one that is spends most of the money.
19 And they are still in their old boy network. As a
20 matter of fact, I reminded him that his School of
21 Dentistry was doing about a 10 million dollars
22 addition. And during the bidding process, as part of
23 the initial bidding document, as part of their --, some
24 information was sent out by the architect, Penn has no
25 MBE, WBE goal, therefore, the prime contractors need

1 not bother. Now, I figure University of Penn is still
2 the state funded agency and making such statement is,
3 in my opinion, very reckless. But, I think he needs to
4 go back and do some more homework.

5 Now, in terms of the reasons why black
6 minority contractors don't get ahead in this business,
7 there is a whole lot of and I am going to list some of
8 these reasons that I have come to realize. But, one
9 that stands out in the main, a lot of people haven't
10 talked about it, is the use of construction managers.
11 They have used construction managers as the means of --
12 federal laws. PHA is doing it, the City of
13 Philadelphia does it. What it basically says, is a
14 construction manager is a consultant, then it has to
15 bid the job and they allow their -- to hire whomever
16 they want to hire to get the job done. And that is
17 where the problem have -- We are 46 million dollar
18 public fund, and create the construction managers. The
19 same thing with Converna and the same thing with the
20 airport. I think the -- because it is still a federal --
21 law in terms of open bids. And the use of construction
22 managers in that trend, needs to stop. And I think
23 that has been a lot of conversation in Philadelphia to
24 sue the city and the city agencies in federal court to
25 force that to stop. We hope that we can that

1 assistance before we do that. I think it is important
2 that be taken into account.

3 And in the City of Philadelphia, there is a
4 new practice of providing public funds to private
5 companies. Now, I don't know when, what gave them the
6 right and this is one of the problems with Converna, of
7 taking public money and having it in the company and
8 say, "Look, you are a nice guy, you have succeeded in
9 business, take care of your brother." Now, the
10 question out of the City Council of Philadelphia is how
11 come you, guys have got -- of service and all these
12 years of discrimination, what makes you think that a
13 German businessman is going to share with a black man?
14 I think that were a little stupid and a little crazy or
15 maybe drunk of whatever, or getting individually. But,
16 that was a very stupid decision on the City Council
17 part to go along with the Mayor on that program.

18 Now, the U.S. Airport is a half billion
19 dollar contract that was given, Philadelphia money,
20 federal money, really, that was given to U.S. Airways
21 to build the airport. And the same process, taking
22 public money, converting it to private use to
23 circumvent public laws. I think that is, very, very,
24 very poor and very bad on, in times of public policy.
25 And our leaders are doing, you know, these things.

1 Now, one of the other things I was going to
2 mention here is in terms of, I think, maybe was
3 mentioned in passing, is all the MBE firms and WBE
4 firms that I know in this city, have tremendous tax
5 problems. None of the city agencies that, try to --
6 the activity, truly takes care of what is going on.
7 And I am here just to share, let me share a bit of
8 light on that.

9 Most of the majority contractors know the
10 price of a job. And what they do is they pick all
11 qualified minority contractors. And hand them the job
12 at a very substantial below the market price. And when
13 they take the job, first of all, they have to use the
14 union or the union asks them, so they hire union
15 workers. Now, these union workers will be there, come
16 in there just to get a paycheck without actually doing
17 the work. So, you sit in there with a job that is
18 marginalize to begin with, with union workers that are
19 sitting there milking the cow. And on the end of the
20 job, you have no money to pay your obligation to Uncle
21 Sam or -- And then you have a company that is in
22 distress. So, they are forced to get involved in
23 illegal relationship with these prime contractors. And
24 that is another thing that needs to be looked into.

25 The last comment I have to make is the issue

1 of bonding. Now, everyone talks about bonding as if it
2 is the policy -- to a good contractor. I never seen
3 that. I have seen all the big contractors and the
4 small contractors. A lot of the small contractors have
5 their money held by the city or by whatever they did
6 the work with. To me that is enough bonding in that
7 process that I am putting my money up first. And if
8 that is not good enough, I don't know why I need an
9 insurance company that I am going to have two and a
10 half percent of the contract value for doing nothing.
11 I have already put up my money to buy the material and
12 pay for the labor upfront. And I have seen that
13 practice and it needs to be looked at. And it needs to
14 be seriously looked at because it is really, in my
15 opinion, put in there to exclude because if I am rich,
16 I can afford it, if you are poor, but you have got a
17 good, you can't buy it. So, ultimately you can't
18 compete. And I think the Commission needs to look at
19 these things systematically. And arrive at a fair
20 playing ground.

21 Now, I like Roundtree, I like MBEC, but I
22 don't think that is where the solution is. It is
23 dealing with, I think with the Congress, that is where
24 the problem starts and the federal laws and how they
25 are implemented. Thank you very much.

1 MS. DETAMORE: Thank you for coming.

2 MR. FISHER: Can I ask a quick question, very
3 quickly? You mentioned one part of the problem are
4 construction managers, that can circumvent the law.
5 Who in this City of Philadelphia, who appoints these
6 construction managers? Who selects them?

7 MR. CHUKWANENYE: Well, -- the Department
8 directors or head of the departments or the Mayor can
9 pick a consultant without publicly bidding the job.
10 Now, as far as the construction manager is concerned,
11 the consultant, then he can be picked without publicly
12 bidding the job. Now there is a lot of construction
13 going on in the City of Philadelphia, that you will
14 never see advertised.

15 MR. FISHER: Does the City Charter, to your
16 knowledge, does the City Charter define the
17 responsibilities that this consultant can have?

18 MR. CHUKWANENYE: Well --

19 MR. FISHER: Who gives him that authority to
20 pick whomever, where does, where does the construction
21 manager get his or her authority?

22 MR. CHUKWANENYE: It is a professional
23 service, like an engineer or an architect, it is a
24 professional service. And they have through the area
25 and they have their own trade union or trade

1 organization. They have the, a standard contract and
2 that was a responsibility. Now, as long as you buy
3 into that process, you buy into that process of
4 construction management, being your mode of doing the
5 construction, then you literally buy into their legal
6 standards. And personally, I think that is a couple of
7 government officials doing that. I mean, sometimes it
8 is okay, if you are doing, but not every job. I mean,
9 even PHA, housing, I mean, everything is -- I mean, it
10 is an explosion. Because they realize that that is a
11 way of circumventing the federal law:

12 MS. DETAMORE: Do you have an idea in terms of
13 a percentage of how much of the work is --

14 MR. CHUKWANENYE: I think, every job, all the
15 hotels that have been built in Philadelphia is through
16 Cms. And Converna, the airport, I mean -- everything.
17 The whole job, the whole meaningful job, PHA,
18 everything is CM. I mean, and that is a way of
19 circumventing, so the CM picks whoever they want
20 because what it does, is it allows the CM to go and get
21 closed bids on the primes. That way the minority
22 contractor, who has no dog in the fight, I mean, the
23 bid could be good, but who cares, nobody is looking at
24 them, nobody is watching them. It is not public. So,
25 they can decide who they want to give it to, and then

1 maybe at the end, if you cry enough, you might get two
2 percent. But, I mean, I want the whole job that I
3 want, not the two percent. And I think that practice
4 is, needs to be stopped.

5 MS. DETAMORE: Okay. Thank you very much.
6 We do have one other person who has already registered
7 with Mr. Pentino, Earl Calloway.

8 MR. CALLOWAY: I will pass my time because
9 whoever else is there, since you already have my letter
10 and I have already spoken to you earlier about --

11 MS. SHAPIRO: I would just like to ask if the
12 folks, the folks who have already testified, I have
13 some questions, so don't leave.

14 MS. DETAMORE: Okay. Let me just take one
15 more minute, if there is anyone else who wants to
16 speak, who hasn't spoken, please register with Mr.
17 Pentino. While you are doing that, I see a couple of
18 people with hands up. If, why don't you go ahead and
19 ask one of the questions, while you all are
20 registering. And then we will hold then other
21 questions until after those remarks.

22 MS. SHAPIRO: I would like to ask a question
23 of Nancy Myers.

24 MS. MYERS: Yes.

25 MS. SHAPIRO: I understand the need for a

1 central point of entrance to some of these processes,
2 and I am just wondering if the contract that you
3 described, that your business is carrying out, is that
4 an unusual kind of contract? Is it new? Are there a
5 lot of other people doing this organizing of MWBE
6 participation?

7 MS. MYERS: No, it is new. And New Jersey
8 Transit looked at the size of this project, there are
9 two separate things in this. Number 1, it is the
10 largest infrastructure project in the State of New
11 Jersey. But, number 2, it is the first, what they call
12 DBOM contract in the United States. Design, build,
13 operate and maintain. So we have an opportunity to be
14 in this community for 15 more years after the design,
15 build function. So, we had, we put together in very
16 innovative program, that included how do we help the
17 smaller firms even put together coalitions. They can't
18 get bonding on their own. Transit would pick up some
19 of the umbrella bonding. We took care of the insurance
20 and the owners centralized insurance so that they
21 wouldn't be hit with that. And then we have done
22 actual hand holding and mentoring. We kicked a 40
23 percent goal onto our prime contractors even though we
24 only had a 30 percent goal from Transit to just to make
25 sure that they knew how important this was.

1 Everything about it is innovative including
2 the matching them up at pre bid meetings, to workshops.
3 And it is the first of its kind in the country. And
4 with only two years of construction, we really are
5 showing that it makes a difference.

6 MS. SHAPIRO: It really is the first.

7 MS. MYERS: It is. Paid for by a private
8 firm, because this contract, again, is a public private
9 partnership, and Raytheon looked at it and said, boy,
10 this is going to be tough goals, because New Jersey
11 Transit put a 30 percent goal on it. And so, I had
12 worked with these people before, and have done this
13 type of work before and decided that this was an
14 opportunity to really do something different.

15 The training courses are in the same
16 facility. We have a virtual reality model of what the
17 light rail system will be like. We have training and
18 workshop on affirmative action right there. We are
19 also working in conjunction with local county and city
20 agencies to put together training programs for what
21 will be the future operation and maintenance jobs. We
22 work with all of the agencies where almost an
23 employment type of thing that goes everywhere from
24 rewriting somebody's resume when they come in, to
25 sitting down and showing somebody how to read a

1 blueprint.

2 MS. SHAPIRO: I would very much like to see
3 you, if you could, submit some written material that
4 maybe, you know, not your whole plan, but --

5 MS. MYERS: I would be happy, yeah, I would be
6 happy to.

7 MS. SHAPIRO: A brief description of how this
8 works for the record.

9 MS. MYERS: Fine. One of the things that I
10 have seen is there is a lot of disjointed programs.
11 Very well meaning, very well structured, but the flow
12 from I want to be an entrepreneur to how do I make
13 contact with the people who have the contracts to give
14 is really the answer. And I don't see a whole lot of
15 continuity in many of the programs. That is really why
16 we think it works.

17 MS. SHAPIRO: Thank you so much.

18 MS. MYERS: You are welcome.

19 MS. DETAMORE: Thank you. We have two last
20 speakers. Again, I will ask you to be brief so that we
21 can have a few questions at the end. Carol Robinson, if
22 you could come up.

23 MS. ROBINSON: Good afternoon and thank you.
24 I did not come to prepared to present anything written.
25 I did want to hear the issues that the community was

1 bringing to you today. My name is Carol Robinson. I
2 am the president and founder of Robinson Industrial and
3 Building Suppliers, Incorporated. We are a 15 year old
4 company, which is 100 percent owned by African American
5 women. I would like to make some recommendations as
6 you, Ladies and Gentlemen, have a lot on your plate. I
7 know that the U.S. Commission has sent you out to
8 gather data and then bring back I do not know what. I
9 would like to make recommendation one.

10 That you begin to request all summaries of
11 reports of all hearings that have been conducted in
12 Philadelphia, addressing the Public Utility Commission,
13 SEPTA, which was conducted by Josh Schmidt, as the
14 Commissioner for Civil Rights. I ask that you collect
15 the HUD report, dealing with empowerment zone. It is
16 critical that you maximize your time, energy and
17 effort. I, therefore, recommend that you review those
18 reports, the summaries and then begin to extrapolate
19 the plan of action of which we as small businesses may
20 assist you as an action plan.

21 Recommendation two, that prime contractors be
22 required to submit their EEO 1 report. As we know and
23 you consistently heard today, it is the systems of old
24 boy network and relationships. And if you look to see,
25 if you have a work force where there are absent women,

1 absent African American women, and men, then the
2 likelihood is they are not going to share their pot on
3 subcontracting opportunities. I was at one time the
4 head of the Systematic Unit for the Governor's Office
5 of Human Relations, where we did class action
6 investigations and you will hear as you heard from some
7 of the gentlemen today, it is the system that has the
8 disparate impact that eliminates African American and
9 women from getting into the mainstream in the
10 construction. Your agency representatives do not have
11 enforcement powers. Statistical data that is provided
12 to you will tell you the practice of past for unions.
13 There is no question as to what the unions practice and
14 the absence. And I believe that there is a committee
15 of small businesses that are here and willing to submit
16 and assist you at a later date. Thank you very much
17 for the opportunity.

18 MS. DETAMORE: Thank you very much for
19 testifying and sharing your views.

20 MS. SHAPIRO: Excuse me, does the committee
21 have a name?

22 MS. ROBINSON: I indicated that the community
23 businesses would be willing.

24 MS. SHAPIRO: Oh, I am sorry, I thought you
25 said committee.

1 MS. ROBINSON: No, there is not a formal
2 committee. One of the concerns that some of the
3 businesses that I am associated with, who did not come
4 today, not only because of the increment weather, is
5 because rheoritic, rheoritic, rheoritic and we really
6 need action. You have heard universities speak of
7 development opportunities, but they are with Doubletree
8 Hotel. They are with Borders Book Store. Who is
9 employing our people from our community? It is going
10 to be the small business. I am in the empowerment
11 zone. There is no benefit to a business in the
12 empowerment zone unless you can employ them. You get a
13 tax credit. However, insurance is higher in the
14 empowerment zone. Everything is higher in the
15 empowerment zone. But, I believe in the African
16 American community, I am here in West Philadelphia to
17 stay, and it is a challenge. Banking looks at your
18 loan to debt equity ratio. Most of us cannot have the
19 balance. We need business to employ people. I come
20 from corporate America. I was invited to leave because
21 I was not a team player. Because I would not tell
22 corporate America what you would say to me when you had
23 a problem with discrimination. So, I have been with
24 OIC as a vocational guidance counselor. I have come
25 full circle. I am over 50. I have heard the stories

1 before. I now say, let us move on from discussion and
2 action plans. And I will do whatever I can. But, I
3 have testified before the Casino Control Commission. I
4 have testified before City of Philadelphia. There were
5 two black women in this city who testified as it
6 relates to discrimination and one is gone. That should
7 tell you Ladies and Gentlemen what we are dealing with.
8 I suggest that you talk to Em Bellda(ph), Tony
9 Robertson, Karen Mitchell's organization, the story is
10 here. The story is here.

11 If I after 15 years cannot get a contract
12 from SEPTA, PECO, PGW, PHA, then what are you doing
13 when you tell me you are going to train welfare to
14 work? And you are going to train people who have
15 never worked before to be entrepreneurs. So, please,
16 please, we are here. We know you are spending your
17 time because you are interested. You are interested.
18 Our youth behind us will not know what we know. They
19 don't have the information that we have. If we do not
20 marshall our resources at this time, then what hope is
21 there. Thank you. And I, ask any questions you might
22 have, I am available.

23 MS. DETAMORE: Thank you.

24 MR. THUY: I would like to make a point here,
25 if I may.

1 MS. DETAMORE: We have two more people who had
2 already registered to speak and so if you could make it
3 very quickly.

4 MR. THUY: Very quick. I would like to ask
5 the Chairperson, the Madam Chairperson, this could to
6 be correct one of your statement. You said that we
7 were sent here by the U. S. Commission on Human
8 Relations. We were not sent here to listen to, to have
9 this audience. I think we took the initiative to do it
10 ourselves. We are independent from the Commission. We
11 do not have to listen to them.

12 MS. ROBINSON: Fine. Then may I --

13 MR. THUY: Can I make that statement, Madam
14 Chairperson.

15 MS. ROBINSON: That is my misunderstanding.
16 That is my misunderstanding. May I then make one more
17 recommendation?

18 MS. DETAMORE: If it is short.

19 MS. ROBINSON: For the State of Pennsylvania,
20 would you please review contract awarding procedure.
21 Ever since they implemented a new practice, a practice
22 that was not a regulation, allowing prime contractors
23 72 hours to submit their affirmative action plan, there
24 has been a decrease in participation. There was a time
25 when you had to submit your plan at the time of the

1 bid. They are now allowing you to submit your plan
2 after the bid, which also encourages bid shopping.
3 Thank you.

4 MS. DETAMORE: Thank you. We do have two
5 people left. They are going to have to be very brief
6 remarks. The first is Anthony Fuller.

7 (Applause.)

8 MR. FULLER: Good afternoon. My name is
9 Anthony Fuller, and I am honored to be here. I am the
10 president of Caus, Incorporated. We are a steel
11 erector and steel fabricator firm. We are the only
12 steel African American firm that erects steel union in
13 the city. And we share, I just share the same concerns
14 basically that everyone else has come to this desk to
15 express as well.

16 I don't believe that I can add anymore but
17 just to come in to support, you know, all of the
18 efforts and all of the concerns that we go through each
19 and every day trying to obtain contracts in a plentiful
20 market at this day and age in the City of Philadelphia.
21 There is more than enough work around that you should
22 be able to employ union shops as well as non union
23 shops. There is too much work around that this cannot
24 be done.

25 We as well, my recommendation and, you know,

1 to close, I would like to see some of the owners of
2 small businesses and because I am in the construction
3 field, dealing with the construction, I would like to
4 see some of them on these advisory boards or whatever
5 the decision making or whatever is going to oversee. I
6 would like to see some of these people that showed the
7 concerns, that are here today, even some that are here
8 today that broke everything down of what is going on, I
9 would like to see them that are knowledgeable of the
10 business, of the construction field, of the small
11 business, sit on some of these advisory boards.

12 And to also close, to get out of this bidding
13 process. The subcontractor, if he is kept out of the
14 developer and owner relationship on these construction
15 projects, and if he cannot sit and present what he
16 brings to the table, then we will continue to be left
17 out especially minority, women owned businesses as
18 well. We have something to offer. As the young lady
19 said, that sat here, that yes, we wait and where I have
20 to detail our steel, fabricate the steel, erect the
21 steel, before I get a penny, before I get anything,
22 plus I am union shop, and I have to be union shop in
23 the City of Philadelphia. I am union. I have been in
24 the union for 15 years. And I have been in business
25 for five years. And I am one of the only African

1 American steel erectors in the City of Philadelphia in
2 1999. To me that is a sad commentary. So, that is all
3 I have to say. Thank you for that time.

4 MS. DETAMORE: Thank you very much for
5 testifying. And our final speaker is John Thomas.

6 MR. THOMAS: Good afternoon, good afternoon,
7 Ladies and Gentlemen. You have heard a lot today. I
8 am a representative of and am fighting these battles
9 with -- which happens to be the United Minority
10 Enterprise Associates. I am in my own business,
11 developing another one. I find it terribly
12 frustrating. I am going to preference before I read
13 from this written statement, which, you know, I am
14 going to do.

15 But, I would like for each and every
16 individual sitting on this panel, to look deep into
17 your souls as you sit before me here and look in my
18 eyes and tell me each and every one of you, and I would
19 like a reply from each and every one of you sitting
20 here what do you feel deep down in your gut that you as
21 an individual representing a governmental entity, can
22 do, can go back to Washington, D.C. or to your
23 respective areas, interact, enforce, gel and bring back
24 to these people here, whose hearts are hurting. I
25 would like to know that, an answer from you, you, you,

1 you, you, you, you and you. Will you be -- I just -
2 happen to have a very deep voice I apologize I am not
3 going to yell anymore as I you said, I will allude to
4 what you say. I will respect what you say, but I
5 would like an answer from you, Mr. Pentino, within a 30
6 day period, what are you going to bring back to this
7 organization, to these people, to these business people
8 here.

9 MS. DETAMORE: I am sorry. I am afraid we are
10 not going to have time to go through each of us
11 answering your question. If you want to have time, an
12 opportunity to make a statement, we are suppose to be
13 done in three minutes. So, if you would like to go
14 ahead and make the statement, I would appreciate if you
15 can do that.

16 MR. THOMAS: Yes, I know we have time
17 constraints on us, but like everything else, laws are
18 made to be broken. These people in the construction
19 business break laws and nobody says anything about it,
20 but you are going to hold me accountable to three
21 minutes here. I will read my statement. They can
22 break the law it is all right, okay.

23 UMER has a solution. Executive and
24 management team committed to excellence. That is
25 number one.

1 Number two and you have a copy of this and I
2 will duplicate some more and make sure each of you get
3 it. Conduct regular procurement audits to assess the
4 effectiveness, fairness, and impact of procurement
5 policies, procedures and practices on the involvement
6 of M and WBEs.

7 Number three, accurate WMBE participation
8 reports in assessing the effectiveness of vendor
9 outreach in determining areas in need of improvement.

10 Number four, tracking of contract activity
11 post awards, interface with finance, accounting and
12 controller departments.

13 Number five, oversight committee to ensure
14 implementation.

15 Number six, personnel provided training on
16 policies and procedures.

17 Number seven, begin annual performance
18 reviews.

19 Number eight, receive immediate cultural
20 diversity and sensitivity training, which a lot of
21 these giants are in dire need of, I can assure you.

22 Number nine, receive small business training.
23 And I think we all know what that is about.

24 Number ten, investigate and investigation
25 center for contractor complaints, dire need of that

1 one, independent legal legislative body, extreme dire
2 need of that and an oversight committee. And again, I
3 reiterate, we need to have some business people from
4 the African American women, and minority business
5 community sitting on some of these oversight
6 committees, who can give you, guys, some input as to
7 what is really needed, because we are the ones out here
8 who have been fighting the battles. And since the '60s
9 nothing has changed, as we sit here and talk today.
10 And I want to know, before I move onto the next one,
11 how many more years, I don't know if I am going to have
12 to live to 125 before I see any changes or not. And I
13 don't think the average expectancy, especially for a
14 black male living in America, is that long. Now I will
15 move on.

16 Number 11, establish penalties and this is a
17 hard one, folks, establishing penalties against
18 contractor or unions found discriminating against M and
19 WBEs. That is really a joke even putting that in
20 there, but I read it with some furber. Because we all
21 know that nothing is going to happen along that line at
22 all.

23 And finally number 12, written documentation
24 from the courts, the trade unions have complied with
25 courts, mandated to increase M and WBE participation in

1 the local unions. That is another one. Our courts have
2 not deemed it necessary to comply with any of the laws
3 that have been written at all. The unions continue to
4 circumvent them. The large construction companies
5 continue to circumvent them. And we are left holding
6 nothing but pieces of paper that we can really take to
7 the bathroom and wipe your posterior with, that is just
8 how effective it is. It is like toilet tissue. The
9 laws on the books, nobody is doing a blasted thing to
10 do anything to make sure that those laws implemented
11 and who suffers, I suffer being an adult male. I am
12 financially castrated in front of my child. Okay.
13 Economically castrated in front of the women that are
14 in my life, surrounding me. Castrated among the black
15 business community. They look at black business people
16 as a joke.

17 Carol Robinson just said for 15 years she has
18 never gotten a contract from SEPTA, one from PGW, no
19 one from SEPTA. Now, what the heck does that tell you?
20 You don't have to be a rock scientist to figure out
21 that there is still discrimination. The black farmers
22 just prove that with the little lousy 352 million
23 lawsuit they got. Texaco just proved that, the suit
24 with that. The insurance industry is being
25 investigated. The mortgage and bank companies are

1 being investigated for red lining. And you people, and
2 I say you people sit here in front of us and tell us
3 that you don't know that there is discrimination in
4 this God damn country, then somebody is crazy.
5 Somebody is not doing their job.

6 MR. FISHER: I feel compelled that I want to
7 make a couple of comments. I feel compelled that I
8 want to make a couple of comments.

9 MR. THOMAS: I am listening.

10 MR. FISHER: Now, first of all, first of all,
11 I am here to tell you absolutely the truth. I am a
12 volunteer to this committee. I am not a magician and I
13 am not going to come and hold myself out that we are
14 here today to solve the world's problems. I am, I am a
15 minority. I have relatives that are small business
16 people that are suffering the same as everybody else
17 out here. We are here attempting in a small way, if we
18 are able with a group of like minded people, maybe we
19 can make a difference. If your perception is that this
20 body came here today to hold these hearings, to solve
21 all of the ills and all of the world's problems, then
22 you are being misled. That is not why we are here.
23 If we can help make a difference, we are willing to do
24 it. If we fail, we fail. But, I have to tell you, I
25 have to tell you, here we have heard today that we want

1 places on these boards. We want places on these
2 advisory committees. And you should have them. But
3 how do you get on there? How do the unions do it? You
4 have to get involved politically. You have a city
5 council. You have a mayor. We have 30 percent turnout
6 out of our neighborhoods on election day. They will
7 screw us and walk over us because they know we are
8 disattached. And that if you are going to sit and look
9 for other people, like this board, to solve the
10 problems, you are under an illusion.

11 MR. THOMAS: Now, let me stop you right there,
12 sir.

13 MS. DETAMORE: No, no, sir.

14 MR. THOMAS: There are laws on the books
15 already that are not being -- Madam, excuse me, please.

16 MR. FISHER: That is more enforcement
17 agencies. That is not --

18 MR. THOMAS: Well, then you should get to the
19 enforcement agencies. What is in your --

20 MR. JORDAN: Could we make some clarification
21 on exactly what the capacity on this committee is and
22 how we got here? Because I kind of feel that at the
23 end of a very good day, this group has been insulted.
24 So, could you, Madam Chair, Madam Chair, could you just
25 clarify what our role is here today as volunteers?

1 MS. SHAPIRO: Yes.

2 MR. JORDAN: Thank you.

3 MS. SHAPIRO: Well, I would like to go beyond
4 that.

5 MR. ALI: Well, Madam Chair, before you do
6 that, may I apologize. Because Mr. Thomas mentioned
7 that he is a member of UMER. I am Jahad Ali. I am one
8 of the chairmen of UMER. I would like to say on behalf
9 of UMER, Mr. Thomas expressed his personal frustration
10 that he has witnessed over the last 20 years. And
11 naturally in a venue like this, those types of
12 frustrations are going to come out. But, myself,
13 personally, I want to personally apologize. And I want
14 to thank you all for coming here today. You all have
15 been extremely patience.

16 When I first heard about this committee, I
17 had no idea that it was going to be as enlightening for
18 me and when I met some of the panel members, I really
19 felt heart felt that you are involved in this whole
20 process. And I really thank you on behalf of UMER. We
21 all thank you. And I think all the main people here
22 thank you.

23 (Applause.)

24 MS. SHAPIRO: Thank you. Thank you very much.

25 MS. DETAMORE: If we could just have some

1 final remarks from you and then I think we need to end.

2 MS. SHAPIRO: Yes. Okay, thank you, Karen,
3 for moderating this last session.

4 To clarify what our role is here today and
5 who we are. We are a group of volunteers who have been
6 appointed to a state advisory committee to the U.S.
7 Commission on Civil Rights. We were appointed because
8 we all have significant levels of experience in various
9 civil rights activities and venues. We are not
10 compensated. We came to conduct this hearing today out
11 of our own volition, because we cared about this issue.
12 It was our committee who went to the Commission staff,
13 and the Commission and said, "We feel this is an
14 important issue that we want to look into." No one
15 sent us here. No one told us what to do. We decided
16 ourselves that this was an issue that desperately
17 needed addressing.

18 Our mandate is to hold such hearings and
19 gather information from folk like yourselves, so that
20 we can get the facts on the record. And then analyze
21 that information and make our recommendations through
22 reports and other methods to the Commission and
23 hopefully that will be a catalyst toward further
24 action.

25 As for my personal commitment earlier and I

1 hope I can speak on behalf of the entire advisory
2 committee, I would like to say and unfortunately, the
3 man who asked the question just left the room, that you
4 can rest assured that all of us sitting here and those
5 who had to leave early because they came through
6 desperate weather from all over the state to hear you
7 today, and had to leave, all of us are committed to
8 taking affirmative actions steps. And all of the civil
9 rights venues to improve your situation and the
10 situation of others who have experienced oppression.

11 So, on behalf of the committee, I would like
12 to thank those of you who stayed during this entire
13 hearing, so, that you got all of the information that
14 we got. I would like to thank you for coming in this
15 awful weather. And I would like to thank the staff who
16 supported our effort here today, Mark Pentino and Mr.
17 Keyteck Chung, who had to catch a train back to
18 Washington.

19 I really would like to praise the committee
20 members here today for their very hard work. We have
21 spent, I can't tell you how many days and hours and
22 months working on this issue, preparing for this
23 hearing, all without compensation as volunteers. And I
24 want to thank them all very much.

25 (Applause.)

1 MR. THUY: May I make a statement? To clarify
2 our role again. As you listen to the Madam
3 Chairperson, we do not have a decision making
4 authority. We only have advisory authority. That, two
5 things completely different. And beside the MBE and
6 the WBE issue, is one of the issues that this committee
7 will look into. We will look into other issues as
8 well. So, please, the committee was not set up just to
9 deal with the MBE and WBE issues. That is a
10 clarification I would like to be on the record.

11 MS. SHAPIRO: Okay.

12 (Applause.)

13 MS. SHAPIRO: And just rest assured, that the
14 record remains open until February 11, if you want to
15 submit anything else. And we will make information
16 available to any of you who request it. We want to
17 continue this input and the relationships, so feel free
18 to contact me and anyone else here regarding these
19 issues.

20 Thank you.

21 (Whereupon, at 6:00 p.m., the meeting was
22 concluded.)

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REPORTER'S CERTIFICATE

This is to certify that the attached
proceedings before: U.S. COMMISSION ON CIVIL RIGHTS

In the Matter of: PENNSYLVANIA ADVISORY COMMITTEE
FORUM

THURSDAY, JANUARY 14, 1999
PHILADELPHIA, PENNSYLVANIA

were held as herein appears and that this is the
original transcript thereof for the file of the
Department, Commission, Administrative Law Judge
or the Agency.

EXECUTIVE COURT REPORTERS, INC.
1320 Fenwick Lane Suite 702
SILVER SPRING, MARYLAND 20910
(301) 565-0064

Official Reporter

Dated: 1-14-99