



Achieving a Culture of Diversity for Economic Opportunity



CITY OF PHILADELPHIA





Table of Contents

Diversity—The Key to Good Governance	1
Achieving a Culture of Diversity: Major Accomplishments ...	2
Creating Economic Opportunity:	
Neighborhood Transformation Initiative (NTI)	6
Stadiums	8
Wireless Philadelphia	9
Quasi-Government Agencies	10
Making it Easy to do Business With The City	12

***“Philadelphia will flourish
when economic opportunities are available to everyone.”***

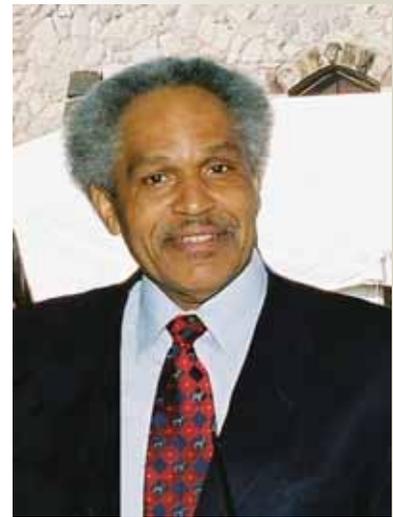
John F. Street
Mayor
City of Philadelphia

Diversity—The Key to Good Governance

Philadelphia is in the midst of an economic renaissance. For our City to prosper and flourish, economic opportunities must be available to everyone.

The benefits of achieving a culture of diversity go far beyond the statistical measurements of the business participation of minority, woman and disabled-owned firms. The sustained growth of Philadelphia's economy depends in large part on the success of these businesses.

The use of the power of government is critical to create access, growth and opportunity. The City has increased contract participation for these firms which indicates that we are improving. We still have more to do to ensure improved access to City contracting opportunities in order to develop these firms' competitive advantage and business capacity to promote long-term economic development.




John F. Street
Mayor, City of Philadelphia

The City, with the Minority Business Enterprise Council (MBEC) at the forefront, has created an environment of inclusion to increase meaningful and substantial opportunities for minority, woman and disabled-owned businesses. As a result, these businesses have collectively earned more than \$730 million in City contracts between 2000 and 2006.

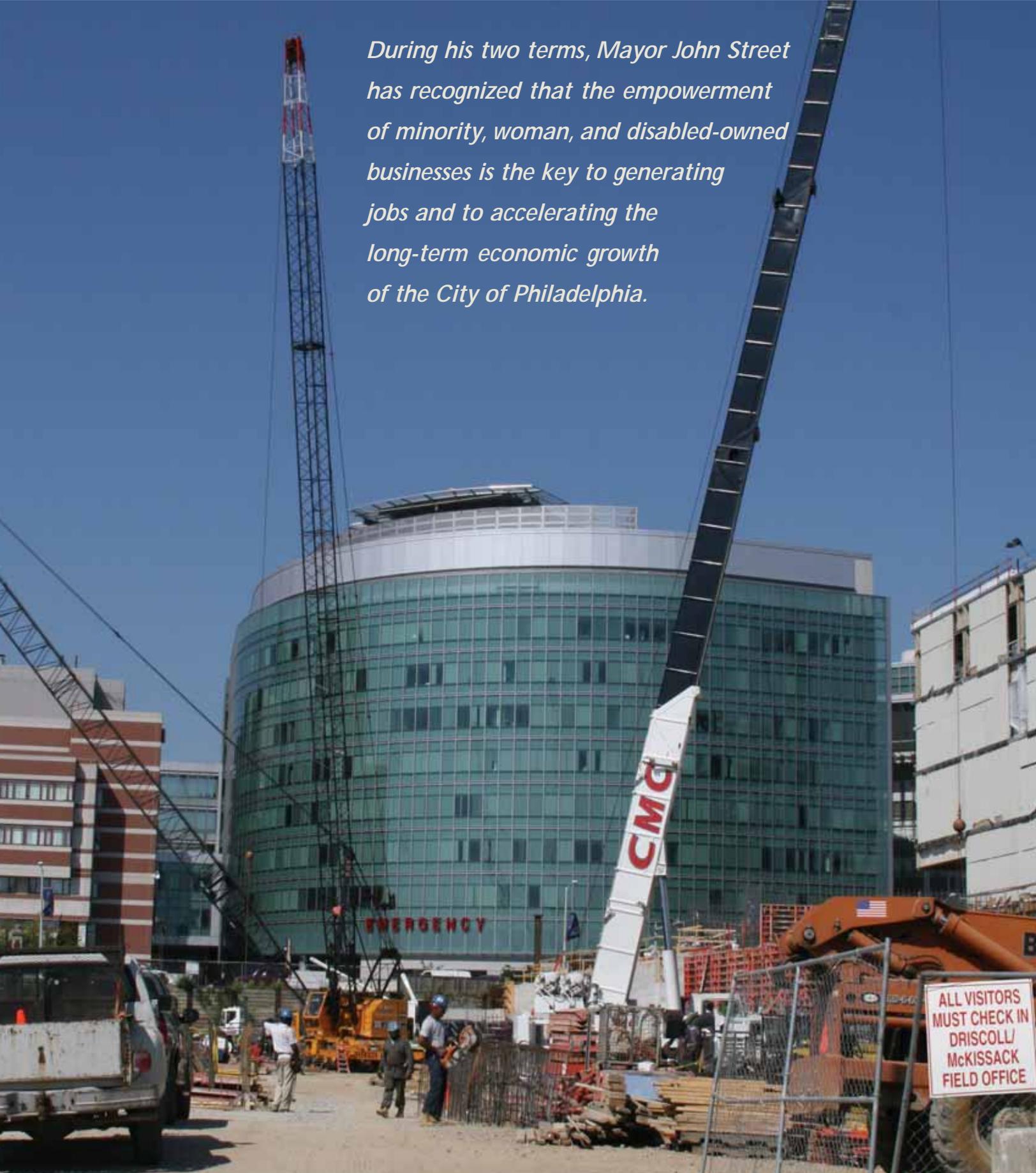
In addition, MBEC has initiated organizational development strategies to professionalize and standardize its office operations and the delivery of services. We have begun to create performance benchmarks based on the utilization of best practice models developed from reviewing the successful practices of other governmental agencies across the country.




Carolyn H. Nichols, Esquire
Director, Minority Business Enterprise Council (MBEC)

Achieving a Culture of Diversity

During his two terms, Mayor John Street has recognized that the empowerment of minority, woman, and disabled-owned businesses is the key to generating jobs and to accelerating the long-term economic growth of the City of Philadelphia.



Major Accomplishments

Progress in City Contracting Diversity Under the Street Administration

City contracting opportunities for minority, women and disabled-owned businesses increased dramatically during the Street Administration. In fiscal year 1999, the participation in competitively and non-competitively bid City contracts was \$19 million, or six percent for Minority Business Enterprises (MBEs), and \$9.4 million, or three percent for Woman Business Enterprises (WBEs) out of \$316 million. Over the next six years the Street Administration made huge strides and by fiscal year 2006, MBEs earned \$78 million in City contracting dollars, or 14.52 percent out of \$601 million, and WBEs earned \$36.3 million, or 6.76 percent. Also, in fiscal year 2006, Disabled Business Enterprises (DSBEs) earned more than \$332,000, or .06 percent. Collectively M/W/DSBEs earned 21.87 percent or more than \$131 million in fiscal year 2006.

Mayor's Executive Order 02-05

Mayor Street issued Executive Order 02-05 in 2005, and reauthorized it in 2006, directing government to increase the contract participation of minority, woman and disabled-owned businesses. The Executive Order strengthened the City's ability to enforce contract compliance, which further supports M/W/DSBE participation in City business.

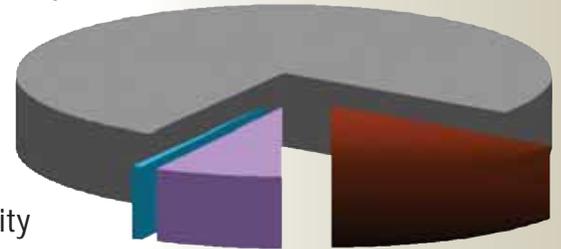
Enforcing Contract Compliance

The City monitors contracts and contract compliance to ensure the prompt payment of subcontractors, many of whom are M/W/DSBEs. Contract provisions require prime contractors to pay subcontractors within five days of receiving payment from the City and include legal remedies for non-compliance.

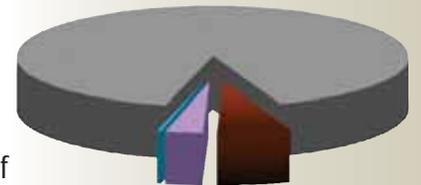
To better enforce payments in the future on City contracts, the City will utilize an electronic web-based system to track payments from prime contractors to subcontractors.

To facilitate prompt payment, the City established the Automatic Clearing-house (ACH) a system that can process City payments to contractors within 10 - 15 days, as opposed to 45 - 60 days required to issue checks.

M/W/DSBE Participation For-Profit City Contracts FY 2006



M/W/DSBE Participation For-Profit City Contracts FY 1999



Legend	
■	MBEs
■	WBEs
■	DSBEs
■	Non-Minority

Major Accomplishments



The Mayor's entire Administration showed its commitment to Executive Order 02-05.

Most impressive is how the Administration works closely with the Board to develop innovative practices and procedures to increase opportunities while satisfying the difficult constitutional requirements many cities face.

Christopher R. Booth, Jr. Esq.
Chairman, MBEC Advisory Board
Booth & Tucker LLP

MBEC Advisory Board

The Mayor created the MBEC Advisory Board to provide input and recommendations. The Board, which is comprised of M/W/DSBE businesses as well as City departments and quasi-city agencies, is charged with evaluating the effectiveness of efforts to promote diversity in City contracting opportunities.

Legislative Mandates

In November 2006, Philadelphia voters approved an amendment to the Philadelphia Home Rule Charter that changed reporting requirements for the participation of minority, woman and disabled-owned businesses in City contracts, and also requires annual disparity studies. Other recent legislation requires Economic Opportunity Plans for certain bid and noncompetitively bid City contracts. The Annual Disparity Study for fiscal year 2006 was released in June 2007 and showed an increased utilization of MBE firms in City professional services contracts. Specifically, African American firms garnered 16.4 percent of the dollar value of all professional services contracts.¹

Elimination of Backlog

Businesses have to be certified by MBEC in order to be counted. During fiscal year 2006, approximately 200 M/W/DSBE certification applications

1. City of Philadelphia Fiscal Year 2006 Annual Disparity Study, Econsult Corporation, page 18.

Major Accomplishments

were pending completion, and MBEC was able to reduce the backlog by 50 percent. The agency is committed to achieving a 90-day turnaround.

Reciprocal Certification

In order to increase the participation of M/W/DSBE certified businesses in City contracting opportunities, MBEC began a process of granting reciprocal certification to firms that have already been certified as M/W/DSBE by approved governmental entities, and other jurisdictions.

Establishment of Best Practices

The MBEC Director has begun to reach out to other governmental agencies throughout the country in order to model best practices for the agency. The City of Houston, Texas modeled MBEC's disabled business enterprise certification standards and utilizes DSBE certification.

Development of Business Capacity

Working with various chambers of commerce (African American, Hispanic, Asian), MBEC is developing opportunities to match subcontractors with prime contractors on City contracts and to help M/W/DSBE certified firms increase their business capacity to compete for City business. In the near future, the agency will create a mentor-protégé program to promote the business capacity and sustainability of M/W/DSBE certified firms.

It is no overstatement to say as minority businesses go, so goes Philadelphia's economy. Minority-owned businesses are fueling the area's growth and many of them have found the City to be a crucial component for their success.

Kenneth I. Trujillo
Chairman of Board, Greater Philadelphia Hispanic Chamber of Commerce
Trujillo Rodriguez & Richards, LLC



NTI Creates Economic Opportunity



NTI Impact: Economic Opportunity Program as of 8/2007*

NTI Demolition Program	MBE		WBE		DSBE	
	\$	%	\$	%	\$	%
Demolition Awards	29,189,633	43.6	8,197,030	12.2	0	
Professional Service/Project Management Awards	2,115,683	18.8	262,025	2.3	17,795	.16
Emergency Demolition Project Awards	2,371,945	25.4	224,999	2.4	0	
AACC Project Awards	2,623,978	64.9	316,210	7.8	0	
Current Comprehensive Awards	36,301,239	39.7	9,000,264	9.8	17,795	.02

* Estimated



NTI Creates Economic Opportunity

Small Demolition Bid Program

In June 2004, the Neighborhood Transformation Initiative (NTI) in cooperation with MBEC and the Procurement Department created the Small Demolition Bid Package Program to ensure the expanded participation of small businesses and M/W/DSBEs by assembling work into smaller packages and streamlining many of the requirements, including modification to the performance bond requirements. Eligibility was extended to MBEC certified contractors and/or firms whose gross revenues had not exceeded \$12 million. From the inception of the program in 2004 through Feb. 28, 2007, more than \$1.02 million had been awarded to MBEs in the Small Demolition Bid Package Program and WBEs earned more than \$628,000.

Adapting the Requirements

The modifications to the performance bond requirements included limiting the maximum contract size to \$500,000 and the use of revised performance bond forms. The revised bond requirements made it easier for contractors to obtain bonding and financing. In addition, the City established a wrap-around insurance program administered by the City's Risk Management unit.

Creating Jobs

Minority employees hired under NTI funded demolition contracts accounted for 72 percent of the hours worked and women 2 percent. Philadelphia residents constituted 79 percent of those employed and accounted for 83 percent of the hours worked.²

Emerging Contractors Program

The Emerging Contractors Program, established in June 2003, through the African American Chamber of Commerce (AACC), provides classroom training in bonding and financing as well as site training in demolition. Sixty six companies have participated in the program. To date four graduates have been awarded 16 contracts for a total value of more than \$4 million. Working in collaboration with AACC and the Technical Assistance Center the City awarded approximately \$7 million in demolition contracts to emerging minority demolition contractors as of Oct. 13, 2006.³

From the beginning, creating opportunities for minority contractors was an important component of NTI. We tried to rethink how to bid public works contracts to increase those opportunities and model that process for other city contracts.

Patricia L. Smith
Former Director of NTI
Director, Special Initiatives
The Reinvestment Fund

NTI has created a process that maximizes the participation of minority contractors and employment for Philadelphia residents. The benefits of these "best practices" are long-term.

Eva Gladstein
Director, Neighborhood
Transformation

2. Greater Philadelphia Urban Affairs Coalition 3. MBEC Report Fiscal Year 2006, pages 10-11

Creating Economic Opportunity Stadiums



Photo: W.K.E. Weichelt

The key significance of these projects was that it greatly increased the standards set to public/private projects for minority and female inclusion, in both contracting and employment.

Carlos L. Jones
Executive Director
Economic Development
Projects
Greater Philadelphia Urban
Affairs Coalition

One of the early, major accomplishments of the Street administration was the replacement of the City's antiquated sports stadiums. On Dec. 9, 2000 the City acquired City Council's approval and signed a deal with the Eagles to construct a new stadium. The construction of Lincoln Financial Field began on May 7, 2001. Two years later in August 2003 the \$512 million new field hosted its first game. Adjacent is the new Citizens Bank Park baseball field which began construction in November 2001 and opened in April 2004 at a cost of \$346 million.

Philadelphia Sports Stadiums: M/W/DSBE Participation						
	Lincoln Financial Field			Citizens Bank Park		
	\$	#	%	\$	#	%
MBE Prof. Services	3,473,801		16.1	3,362,586		16.84
MBE Construction	148,035,858		51.3	93,617,381		40.68
WBE Prof. Services	295,548		1.4	604,586		3.03
WBE Construction	57,731,412		20.0	25,026,011		10.71
DSBE Prof. Services	113,444		0.5	0		0
DSBE Construction	32,793		0.01	2,549,910		1.06
Minority Employees		1,216	27.3		1,531	29.1
Female Employees		88	1.9		94	1.79
Residents		1,744	39.25		1,972	37.5

Creating Economic Opportunity Wireless Philadelphia

Wireless Philadelphia, established to create a digital infrastructure for open-air internet access, helps citizens, businesses, schools, and community organizations make effective use of this technology to achieve their goals. The City is committed to bringing the benefits of true, affordable broadband data communications anywhere, anytime, to anyone that needs it.

CEO of Wireless Philadelphia Greg Goldman points out that making the City wireless promotes "...equal opportunity through Digital Inclusion through programs enabling low-income households to use the internet to improve their educational, employment and life opportunities." It also provides affordable access to high-speed telecommunications for small, midsize and economically disadvantaged businesses helping them grow their business.

Established as the non-profit organization, Wireless Philadelphia is partnering with EarthLink® to make Philadelphia the nation's first completely wireless major city. EarthLink® and its subcontractors are committed to supplier diversity. More than 50 percent of subcontractor invoices to date have been from minority businesses. Certified firms are contracted for pole installations, site acquisition work, field implementation, proposal and contract preparation work, consulting services, and real estate and office space acquisition. Projected expenditures are \$12 million for services over the next

10 years of which M/W/DSBE participation is targeted at \$5.5 million, or 46 percent. These commitments exceed the RFP requirements. EarthLink® will also produce annual reports to track spending by supplier category.



Wireless Philadelphia recognizes the importance of diversity in our business practices and currently has a small but highly diverse staff, and a policy to award at least 30 percent of total contract spending to minority, woman, or disabled-owned businesses.

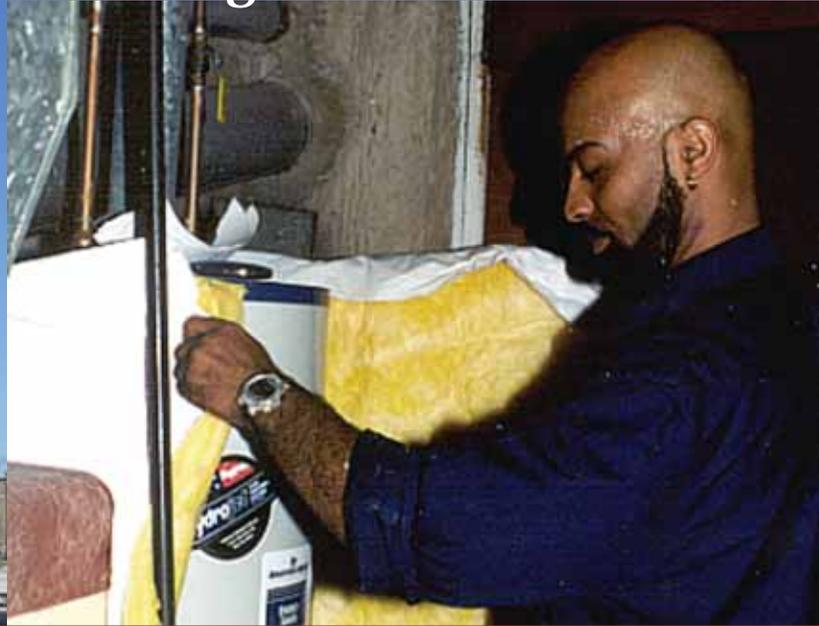
Greg H. Goldman
CEO
Wireless Philadelphia

Photo: Jessica Griffin, Philadelphia Daily News



Above, the first Digital Inclusion customers at IMPACT. At right, promotion of Philadelphia's WiFi network and sign up rates from Earthlink.®

Creating Economic Opportunity Quasi-Government Agencies



Quasi-Government Agencies: M/WBE Participation

FY 2006	MBE	MBE %	WBE	WBE %
PHA Modernization	\$12,061,357	24	\$6,818,621	14
PHA Management	\$4,967,111	15	\$4,501,189	14
PHDC - BSRP	\$7,235,416	44	\$1,273,751	8
PHDC - WAP	\$1,385,604	50	\$145,750	5
PHDC - AMP	\$379,492	16	\$105,071	5
PHDC/PCA-SHARP	\$110,000	33	\$100,000	30
PIDC	\$1,181,879	22	\$1,037,389	19
PWDC	\$6,792,116	6	\$1,060,882	1
RDA Construction	\$28,018,824	20	\$9,410,420	7



Creating Economic Opportunity Quasi-Government Agencies

Collectively the following agencies awarded more than \$86 million to minority and woman-owned firms in fiscal year 2006.

Philadelphia Commercial Development Corporation (PCDC)

PCDC through the Pennsylvania Minority Business Development Authority Loan Fund provides revolving lines of credit up to \$100,000 to certified M/W/DSBEs to finance prime and subcontractors to cover the direct costs of the contract or as an advance on contract receivables. Between 2000 and 2006, PCDC approved 513 loans for a total value of more than \$25 million.

Philadelphia Housing Authority (PHA)

PHA is committed to the diversity in all aspects of its contracting opportunities. MBE/WBE participation is more than 20 percent. In fiscal year 2006, 103 minority contractors (including subcontractors) worked on PHA projects.

Philadelphia Housing Development Corporation (PHDC)

PHDC awards contracts for its housing preservation programs, Basic Systems Repair (BSRP), Weatherization Assistance (WAP) and Adaptive Modification (AMP). It also contracts out through the Philadelphia Corporation for Aging (PCA) its Senior Housing Assistance Repair Program (SHARP). PHDC is committed to contracting diversity. Its two largest programs, BSRP and WAP have more than 50 percent M/W/DSBE contractor participation.

Philadelphia Industrial Development Corporation (PIDC)

PIDC partnered with NTI in supporting the Emerging Contractors Program and through the Philadelphia Authority for Industrial Development awarded more than \$2 million in M/W/DSBE contracts.

Philadelphia Workforce Development Corporation (PWDC)

PWDC's business services supply all the necessary workforce resources to support employers and their personnel, regardless of the size of the business. PWDC is proactive in establishing and building relationships with partners. In fiscal year 2006, PWDC awarded over \$7.8 million in M/WBE contracts.

Redevelopment Authority (RDA)

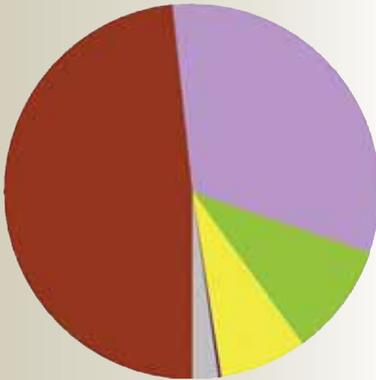
The RDA awards construction contracts for many affordable housing developments and some public housing projects. M/WBE participation is more than 25 percent.

City agencies continue to embrace the Mayor's vision of expanding City business opportunities to minority, woman and disabled-owned businesses. The diversity that comes from their increased participation strengthens the City's ability to better serve our citizens and meet their needs.

Loree D. Jones
Managing Director
City of Philadelphia

Making it Easy to do Business With the City

Composition of MBEC Certified Firms 2006



Legend	
■	African Americans
■	Caucasian Females
■	Asians
■	Hispanics
■	Disabled Persons
■	Other Minorities

M/W/DSBE participation is critical to having the greatest level of competition for the City's procurement of goods and services.

**Pedro A. Ramos
Former City Solicitor
Former Managing Director
City of Philadelphia
Partner
Blank Rome LLP**

There are approximately 1,200 M/W/DSBE-certified firms in the City of Philadelphia. Historically, only an estimated 40-50 percent of certified vendors actively bid on City contracts. MBEC interviews vendors that are not active in City contracting to identify barriers to their participation and encourage them to respond to contracting opportunities. The agency has taken the following steps:

Develop Database of Firms

MBEC seeks additional firms to target for certification. The agency routinely contacts universities, chambers of commerce, the Small Business Administration, U.S. Census Bureau and other federal, state and local government agencies to identify vendors. It also increased recruitment efforts in the Hispanic and Asian business communities.

Networking

MBEC matches certified firms with contractors and City agencies. Pre-bid/proposal meetings and subcontracting opportunities meetings are held to connect M/W/DSBE certified firms with City departments and prime contractors. MBEC facilitated more than 300 outreach activities reaching over 25,000 people since 2000. MBEC is working with major corporations such as Turner Construction Company on project management training and Aetna Health Insurance on supplier diversity opportunities.

Vendor Financial Support

The lack of financial capital is a major barrier for many vendors. Working with financial institutions, government agencies and nonprofit organizations, vendors have increased their business and financial capacity to compete for City contracts. MBEC is partnering with financial institutions such as Citizens Bank, through their Philadelphia Business Builder Loan Program, and government agencies, such as the Philadelphia Commercial Development Corporation through their Small Business Lending Program, to connect vendors with new resources.





City of Philadelphia

Mayor John F. Street, Esq.

Office of the Director of Finance

Vincent J. Jannetti

Acting Secretary of Financial Oversight and Finance Director

Carolyn H. Nichols, Esq.

Deputy Finance Director, and

Director, Minority Business Enterprise Council (MBEC)

1401 JFK Boulevard

Suite 330, Municipal Services Building

Philadelphia, PA 19102

P: 215-686-6232

F: 215-686-3878

www.phila.gov/finance

www.phila.gov/mbec

October 2007

