

Blacks get 8 percent sliver of city's \$1B contracting pie

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Companies owned by minorities and women are sharing a 29 percent piece of the city's contracting pie, but African-Americans still lag behind, with an 8 percent sliver.

The Emanuel administration disclosed the contracting figures Friday as Chief Procurement Officer Jamie Rhee took her turn on the hot seat on the final day of City Council budget hearings.

From Jan. 1 through Sept. 30, the city awarded \$1.05 billion in construction and professional services contracts and paid \$303.5 million or 29 percent to companies owned by minorities and women.

The overall 38 percent share of the \$574.7 million in construction contracts awarded to minorities and women exceeds the revised goals of 26 percent (minorities) and 6 percent (women) established last year for Chicago's revised construction set-aside program.

But a closer look shows another round of disappointing results for African-Americans at a time when black aldermen have become increasingly vocal in their demands for a greater share of the contracting pie.

During the same nine-month period, black contractors got just \$82.7 million or 7.8 percent of overall city spending. That's compared to 14.5 percent or \$153 million for companies owned by Hispanics and 4 percent or \$46.1 million for Asian-Americans.

That's an across-the-board decline from last year's performance in all categories.

At that time, blacks had an 11 percent share of city spending, compared to 16 percent for Hispanics and 10 percent for Asian-Americans.

What's surprising about the decline is the fact that it comes at a time when Mayor Rahm Emanuel and Rhee have proposed a steady stream of incentive and outreach programs aimed at sharing the wealth, building capacity and eliminating longstanding impediments to minority contracting.

In fact, there are so many incentive programs — 16 at last count — Rhee has developed a new guide book to help contractors keep track of them all.

On Friday, Rhee said she is not at all discouraged by the low numbers — and the decline from last year. She argued that figures released Friday are “payments — not awards” and that the salad bar of incentive programs need time to work.

“What we’re seeing now are payments from contracts that have been in place for three, five, six years. All of these new initiatives we’ve put in place over the last 18 months — you’ll see participation change in years to come. We are growing capacity...I’m really hopeful we’re gonna these programs start taking off and realize the benefits of what we’re trying to do. We’re gonna keep trying. We won’t give up — ever — until there’s parity,” she said.

Ald. Roderick Sawyer (6th), chairman of the City Council’s Black Caucus, said he is “not happy” about the 8 percent share of contracts going to African-Americans.

But it’s not for lack of effort on Rhee’s part.

“I’m not placing the blame on Jamie Rhee. She’s doing a great job. It’s on each and every one of the commissioners to make it intentional. We’ve just got to press the individual departments,” Sawyer said.

Ald. Walter Burnett (27th) called the black contracting numbers “disappointing,” adding, “We want it to be more.”

But he said, “It’s an uphill battle. I don’t know what the block is...For some reason, a lot of folks don’t want to do business with the city because, in the past, they have an old impression of the city that we don’t pay on time.”

Last year, the City Council came within one vote of blocking a \$3.5 billion O’Hare Airport bond issue, delivering a powerful message about the lack of minority participation on the airport gravy train.

At the time, Sawyer warned that future alliances between the Black, Hispanic and Progressive caucuses could someday create a political roadblock that would force Emanuel’s hand.

He followed up by joining forces with both of those caucuses to demand that minorities share 66 percent of the bonanza of jobs and contracts triggered by Emanuel's plan to redevelop the North Branch corridor.

But they were forced to settle for a requirement that developers of Chicago's largest private projects sign affidavits spelling out their efforts to share the wealth with minorities.

More recently, Sawyer proposed that Chicago lift the cap on gross income and personal net worth that has forced black construction companies out of the city's minority set-aside program, only to continue to suffer "discrimination."

Rhee responded by pointing to the so-called "Phased Graduation Program." It allows businesses to phase out of the set-aside program over a three-year period — with a 75 percent credit the first year, 50 percent the second year and 25 percent in year three — even after exceeding the size standards.