

SWEET: Obama Foundation gives local minority-owned construction firms 51% stake

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WASHINGTON – The Obama Foundation divided the financial pie for managing the Obama Presidential Center construction on Friday, giving a 51 percent stake to four minority owned firms based on Chicago’s South and West sides while handing a building giant with a Loop office the remaining 49 percent.

THE BACKGROUND: Former President Barack Obama and his foundation are installing what they consider guarantees that minority owned companies and people living on the South and West Sides – including youths and ex-offenders – get a lions share of construction contracts and jobs for the center, to be built in [Jackson Park](#) at a cost of at least \$300 million.

This comes as Obama is standing firm against negotiating a “community benefits agreement” with skeptical South Side neighborhood organizations arguing the foundation pledges are not enough.

WHO GOT THE CONSTRUCTION MANAGEMENT CONTRACTS: It’s not unusual for minority and women owned firms to be brought into major projects as subcontractors. What is different in the Obama Foundation approach is the minority companies are getting the majority share, the 51 percent equity stake.

Groundbreaking is anticipated in late 2018. The players on the newly created construction management joint venture team are:

*A 49 percent stake to Turner Construction, headquartered in New York, with an office at [55 E. Monroe](#). The firm has had a Chicago outpost since 1924.

*A 51 percent share divided between Powers & Sons Construction, [5040 S. State St.](#) and Gary and Indianapolis; UJAMAA, 7744 S. Stony Island Ave.; Brown & Momen, [823 E. Drexel Square](#) and Safeway Construction, [4327 W. Roosevelt Rd.](#)

“If it weren’t for the Obama Foundation embracing this unique joint venture and making local hiring a priority, diverse firms like ours would not get a chance to have a seat at the table and play a meaningful role in the process,” Mamon Powers, the Chairman and CEO of Powers and Sons, said in a statement.

These four minority owned firms all have long-time experience with Chicago construction projects.

Together, the five firms created a joint venture named the Lakeside Alliance.

The four minority owned companies banded together to form the Presidential Partners Alliance LLC.

BENCHMARKS: At least half of the \$300 million in subcontracts are supposed to go to “diverse suppliers,” according to David Simas, the Obama Foundation CEO. As for jobs, a “significant percentage of the total project work hours” are supposed to go to “minorities and residents from the projects neighboring communities,” according to Simas.

According to bidding documents released on Aug. 31, fifty percent of the subcontracts are to be set aside for minority and women business enterprises and businesses “owned by veterans, individuals with disabilities, and LGBTQ individuals,” the foundation said.

The firms bidding to be the construction manager must offer, according to the bid document, “new and innovative approaches” to hire from the South and West sides and specifically Woodlawn, South Shore and Washington Park.

ENFORCEMENT: If the benchmark subcontracting and hiring goals are not met, the contract between the Lakeside Alliance and the Obama Foundation calls for assessing a financial penalty. There is also a financial incentive for exceeding the goals.

Details of the benchmarks in the contract – and the penalty and incentive provisions – were not disclosed by the foundation. It remains to be seen how transparent this process will become.

DIVERSITY CONSULTANT: Since Sept. 29, the [foundation has been searching for a diversity consultant](#) – an individual or a firm – who will monitor and enforce the construction management team when it comes to jobs and contracts for minorities.

According to the bid document, the diversity consultant should have a “history of working with unions and engaging with underemployed populations including ex-offenders and youth to increase the pipeline of talent.”