

# The Color Of Public Money: Philadelphia And Massport Show Paths To Expanding Minority Contracts

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*This article is the second installment in an ongoing investigation by WGBH News' New England Center for Investigative Reporting into racial disparities in government contracting. Read part one [here](#).*

PHILADELPHIA, Pa. — On a raw December afternoon in North Philadelphia, a dozen kids holler as they kick and chase a soccer ball on a blacktop basketball court. The city-owned playground and three-room recreation center are slated for renovation, part of a \$400 million initiative aimed at fixing up recreation centers, parks and libraries in low-income neighborhoods like this one.

That's just one goal. The city of Philadelphia also intends to spend a third of that money hiring businesses owned by minorities to do the work.

“These poor communities that are mostly minority in the city of Philadelphia: It makes a lot of sense that if you have people coming in and working and fixing things and designing things, let them look like [local people],” said Cappy Sabir, an engineer and minority business owner whose company is working a new vision for this playground. “You're giving a level of motivation and pride to the community. ‘See? I can be an architect. I can be an engineer, I can be a contractor.’”

Sabir is a co-owner of SRW Engineering & Architecture, which has landed five contracts with the city worth almost half a million dollars through this year-old pilot program called Rebuild. City-wide, minority-owned businesses landed 23 percent of Philadelphia city contracts last year, totaling \$166 million.

It's a much higher rate than either the city of Boston or the state of Massachusetts has achieved — though both places also have lower proportions of minorities than the city of Philadelphia.

Government agencies in Massachusetts spend billions of dollars a year on contractors for everything from road repairs and office supplies to building construction and design. But data obtained by WGBH News shows that [just a small percentage of those state contracts go to](#)

[minority-owned businesses](#), and the value of those contracts is now about \$135 million less per year than in 1998, in inflation-adjusted dollars.

Critics in Boston have pointed to places like Philadelphia as a role model that leaders back in Massachusetts should emulate.

Iola Harper, who heads up Philadelphia's office of economic opportunity, said Philadelphia's mayor — now in his second term — has prioritized contracting with minority businesses.

"You really have to have buy-in from the top," Harper said. "The boss of the city, not their boss, but their boss's boss, expects that there's going to be some inclusion. They know that part of my evaluation or part of what my boss is looking at is my ability to be inclusive and be equitable."

Underlying this mandate is simple economics, said Harper, especially in a city with a poverty rate at 26 percent — one of the country's highest for a big city.

"Businesses that are owned by people of color hire people who look like them," she said. "That's people that are going to be employed and that's going to impact the poverty rate."

Harper's office also sets minority hiring goals and takes compliance and enforcement seriously. Since 2017, Philadelphia has disbarred three vendors from working with the city that violated minority contracting regulations. Philadelphia's contractor diversity office also has a staff of 16 and a budget that's grown by 38 percent in the last four years.

The comparable department in Massachusetts, the Supplier Diversity Office, has seen its budget cut by more than half over the past decade. But the head of that office, William McAvoy, told WGBH News that other parts of the government provided funding to offset those cuts.

Critics of Massachusetts' track record of doing business with minority vendors have pointed to spotty enforcement and compliance efforts by the state.

Documents WGBH News obtained from the State Division of Capital Asset Management and Maintenance showed only four contractors in the past decade have been penalized for failing to meet promised minority hiring goals.

The state also informs prime contractors that they will be fined or punished if they don't meet such commitments. But the state attorney general's office has pursued only six contractors in the last decade for making false claims about using minority subcontractors.

“There really isn't a watchdog,” said JoAnne Thompson, former head of the State Office of Minority and Women’s Business Assistance, a precursor of the Supplier Diversity Office. “There's no one at the helm who's making sure that these things happen.”

McAvoy said his office is hiring a new investigator to look into allegations of fraud.

Philadelphia’s different approach is also evident in the pre-bidding process. The city has lowered barriers that have historically favored big contractors by offering assistance to smaller, minority-owned and women-owned firms before they even bid on projects.

Sabir’s company — with just 20 employees — took advantage of the city’s new rules and is now treated as a prime contractor, not just a subcontractor that has to lobby other private businesses for a share of the work.

“Opportunities come out from the city, and they'll be worded in a way, structured in a way that is impossible for either for any minority, or woman-owned business to even have a chance,” Sabir said. “Offering the opportunity for minority firms to be primes? To us, that’s like Obama becoming president. It's huge.”

There’s barely been any shift like that back in Massachusetts, but some projects show promise. The Massachusetts Gaming Commission set high minority contracting and hiring goals for the state’s two new casinos in Everett and Springfield.

And the Massachusetts Port Authority — the quasi-public agency that runs Logan Airport and owns lucrative real estate in the Seaport district — decided to throw out the old paradigm of how to get minority participation on big development projects.

Instead of asking real estate developers to set aside small portions of their projects for minority businesses, Massport demanded that proposals have diverse ownership baked in to the pitch. Massport instantly downgraded development proposals that lacked that minority partnership.

“This is not about crumbs on the floor. This is about really, truly building capacity,” said Kenn Turner, who’s been in charge of bringing more minorities into the Massport system since 2013. He said minorities had been left out of the Boston real estate boom, and it needed to change.

“There had not been minority ownership in a major commercial development project in the city of Boston in almost 40 or 50 years,” he said.

For one parcel, Massport picked a development group that had teamed up with black- and Asian-owned architecture firms and a black-owned construction company to build the Omni Boston Hotel at the Seaport.

Turner said the payoff for these companies isn't just participating in one big contract but the experience of scaling up and then being able to land the next big job.

"If you truly want to build experience and capacity, the way you do that is you take a smaller firm and you expose that firm to all of the technical information and experience that they'll need so that the next project that comes along, they'll be able to scale up and do a bigger project," he said.

That's what happened for Greg Janey, who is black and owns Janey Construction Management in Boston. Janey was part of the joint venture team that Massport chose to design and build the \$550 million Omni.

"This glass ceiling I won't say broke, but cracked. It really is a cultural change," Janey said. "We have not only just participated [in], but were a contributing factor in constructing a large hotel which led to another opportunity on the Seaport for us."

Janey's new opportunity is in the private sector, teaming up with a national construction company to build offices for Fidelity in the Seaport.

Turner said he has talked with other state officials about following Massport's model for setting up deals with real estate developers and state-owned property. But so far, that hasn't happened.

The question that frustrates people like Janey is: If Massport can move the needle on minority participation in public sector contracts and so can Philadelphia, what's stopping the state and Boston from doing it?

"If we all think about and say, 'We need to do things better' — why is it that you need either some legislation, a policy to do something better?" he said. "This response is just do it."

Thompson, the former head of the state's efforts on minority contracting, pointed to the tax breaks Massachusetts offers corporations as an example of the kind of support minority businesses need from the state.

"We give all the tax concessions to try to lure business here. We bent over backwards for GE," Thompson said. "It would be wonderful if we could take those same resources and help a business that's been in existence for years and help them get a jump start."