

INCLUSION WORKS:

**ECONOMIC OPPORTUNITY
STRATEGIC PLAN**

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Department of Commerce
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EXECUTIVE SUMMARY

“The world is flat,” wrote journalist Thomas Friedman in 2005. In his book with that title, he asserted that at the turn of this century, the world entered an era that he deemed “Globalization 3.0,” which “makes it possible for so many more people to plug and play, and...every color of the human rainbow [to] take part.” Economic competition will grow “more equal and more intense,” he stated, and “we Americans will have to work harder, run faster, and become smarter to make sure we get our fair share.”

With the competition for people and jobs becoming global, cities like Philadelphia simply cannot afford to under-utilize or write off entire groups of people. To exclude or hinder participation on the basis of race, ethnicity, gender, or physical disability is not only discriminatory; it is self-defeating. In other words, *Diversity in the distribution of contract and employment opportunities is not just a matter of fairness; it is a matter of global competitiveness.*

It was in this spirit that the Nutter Administration issued Executive Order 14-08 in October 2008, dissolving the Minority Business Enterprise Council and creating the **Office of Economic Opportunity (OEO)**. In doing so, Mayor Nutter moved the functions of the OEO out of the Finance Department and into the City of Philadelphia’s (City) Department of Commerce. The Executive Order also created an Economic Opportunity Cabinet (EOC), consisting of the Mayor and senior members of his Administration.

This shift was more than symbolic. The reorganization signaled the Administration’s desire to extend economic opportunity to all of the city’s residents. No longer would the mission of the office and the energies of its staff be focused solely upon registering minority, women and disabled-owned business enterprises (M/W/DSBEs) and overseeing departmental compliance with citywide procurement goals. Instead, the office would work to increase the number of M/W/DSBEs located in Philadelphia and strengthen existing companies so that they might better compete in the local, regional and global economies. In a similar vein, the Mayor’s Advisory Committee on Construction Industry Diversity challenged the Administration and Philadelphia’s building trades unions, developers and project owners to prepare and hire minority and female workers for construction jobs within the city limits and the broader region.

To guide the reorganization, Executive Order 14-08 required adoption of a *Strategic Plan* and identified seven areas for initial consideration:

1. Reform the City’s Certification Process
2. Improve City Contracting Data Collection and Goal Setting
3. Provide a protocol for administrative oversight of Economic Opportunity Plans pursuant to Chapter 17-1600 of The Philadelphia Code
4. Implement recommendations of the Mayor’s Advisory Committee on Construction Industry Diversity¹
5. Facilitate the transfer of the Disadvantaged Business Enterprise Program to the administration of the Transportation and Utilities Division²

¹ Report and Recommendations of The Mayor’s Advisory Commission on Construction Industry Diversity (MACCID Report) completed and submitted to Mayor Michael A. Nutter in March, 2009.

6. Create enforcement mechanisms for the prompt redress of grievances related to contract compliance
7. Recommend legislative revisions to improve economic opportunities

Since January 2009, the EOC and a variety of stakeholders representing public officials and private business sectors have had the opportunity to bring their insight to this strategic plan. Using 2008's Executive Order as a starting point, this plan seeks to

- *increase both the availability and utilization of minorities, women, and disabled persons in City contracts and City construction projects,*
- *better prepare minorities, women and disabled persons to take advantage of contracting and employment opportunities offered by not only municipal departments but also within the private and non-profit sectors; and*
- *use the Administration's influence to advocate for greater inclusion of minority, women and disabled-owned companies in the regional and global economies.*

Through the OEO's efforts, Philadelphia will be known as a leading destination for businesses and entrepreneurs, as well as a place where residents and businesses from traditionally disadvantaged categories thrive.

In concert with other public and quasi-public entities such as the Philadelphia Industrial Development Corporation (PIDC), OEO will work within the recently restructured Commerce Department's **Office of Neighborhood Economic Development (ONED)** and **Office of Business Services (OBS)** to undertake a series of major action steps. An outline of these steps, their processes, proposed outcome, timeline and estimated costs are included below. These will be used to measure OEO's performance and overall progress in the coming years (see Figures 1.1 and 1.2).

Through our efforts, M/W/DSBE participation in City contracts will increase to 25% by the end of FY 2011. The Administration will also aim to increase the total number of registered M/W/DSBE firms by at least 25% by December 31, 2011.

It is an ambitious effort, and a challenging time to undertake it; however, the Administration is committed to making Philadelphia a welcoming place for all to work and do business.

² Transfer of the administration of the Disadvantaged Business Enterprise program (DBE Program) has been completed; the DBE program is now managed by the Division of Aviation's Philadelphia DBE Program Office, under the supervision of the Deputy Mayor for Transportation and Utilities.

Figure 1.1 – Economic Opportunity Strategic Plan Process with Proposed Outcome, Timeline, and Associated Cost

STRATEGIC OBJECTIVE	PROCESS	OUTCOME	TIMELINE	COST
<i>Increasing the Availability of: Qualified Firms</i>	Elimination of MBEC; creation of OEO with departmental transfer from Finance to Commerce	Strategic alignment of the City’s economic development initiatives within the Commerce Department	Complete	No Additional Cost
	Transfer of the Federal DBE Program to the Airport	Improved City program	Complete	No Additional Cost
	Reorganization of Commerce	Full integration of the City’s economic development initiatives	In Process	No Additional Cost
	Integration of PCDC’s functions into Commerce and PIDC	Eliminates redundancies in City services; creates a more robust lending program	Complete	No Additional Cost
	Reform the Certification Process and Redefine OEO’s relationship with M/W/DSBEs	Robust OEO Registry of Certified Firms which includes M/W/DSBEs in Commodity/NAICS Codes where they have been previously absent	In Process	Nominal at initiation; web enhancements to Registry will require funding (e.g., links to each M/W/DSBE’s business website, social networking functionality, solicitation matchmaking, etc.)
	Create Partnerships between successful M/W/DSBEs and emerging M/W/DSBEs	<i>Emerging Business Partnership Program</i> to support business networking and mentorship	8 – 12 Months	Nominal if City receives support and cooperation of local business chambers and successful M/W/DSBEs
	Promote new and emerging high-growth industries to M/W/DSBEs	Access to greening initiatives, high growth life sciences, and nanotechnology	2 -3 years	No Additional Cost
	Support Youth Entrepreneurship within the City	Youth enrollment in business related curriculum; stories of youth entrepreneurial success	2-3 years	No Additional Cost
	Support Immigrant Entrepreneurship within the City	Immigrant entrepreneurial success; Enable more immigrants to access business resources	Ongoing	No Additional Cost

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STRATEGIC OBJECTIVE	PROCESS	OUTCOME	TIMELINE	COST
<i>Increasing the Utilization of: Qualified Firms</i>	Internal Reorganization of Key Entities; Re-scope Commerce Department Contracts with 3 rd Party Providers of Technical Assistance	Enhanced technical assistance from 3 rd Party Providers of Technical Assistance	Ongoing	No Additional Cost
	Assign a roster of OEO Staff to identify City Project Managers and Procurement Buyers within City Departments to facilitate inclusive purchasing decisions	Increased overall utilization of M/W/DSBEs attributable to OEO early involvement in purchasing decisions	Ongoing	Costs of OEO Staff adequate to perform the oversight of City department purchasing decisions
	Improve OEO consultation with City Departments and Goal-Setting Process (GAP)	Improved engagement of City Departments (e.g., training, goal setting, identification of opportunities for M/W/DSBEs)	In Process	No Additional Cost
	EOP Oversight	Increased overall utilization of M/W/DSBEs as a result of EOP oversight and administration	Ongoing	No Additional Cost
	Catalogue existing inventory of technical and financial assistance providers and market these resources to M/W/DSBEs	Improved capacity and business growth for M/W/DSBEs employing these resources	In Process	No Additional Cost
	Provide Incentives for Prime Contractors who mentor M/W/DSBEs	Improved Capacity in the area of bid preparation including estimating, introduction to financial institutions and new business partners in City and Regional opportunities	In Process	No Additional Cost
	Improve Contract <u>and</u> Business Data Collection (e.g., volume and dollar amounts of City contracts including <i>actual dollars</i> received <u>and</u> <i>annual gross receipts</i> of M/W/DSBEs)	Enables Meaningful City-Wide Goal Setting. Annual collection of aggregate Annual Gross Receipts of registered M/W/DSBEs will provide a new benchmark for measuring progress	12 – 18 Months	A comprehensive electronic system of tracking payments, etc. is costly

Figure 1.1 – Economic Opportunity Strategic Plan Process with Proposed Outcome, Timeline, and Associated Cost

STRATEGIC OBJECTIVE	PROCESS	OUTCOME	TIMELINE	COST
<p><i>Increasing the Utilization of: Qualified Firms</i></p>	<p>Establish participation ranges on non-profits contracts</p>	<p>Increased overall utilization of M/W/DSBEs attributable to ranges on a new segment of City contracts</p>	<p>6-12 Months</p>	<p>No Additional Cost</p>
	<p>Retool administrative oversight of Notices of Contract Opportunities and Economic Opportunity Plans</p>	<p>Consistency in OEO's review of City departments' provision of contracting and construction employment opportunities</p>	<p>In Process</p>	<p>Costs of OEO Staff adequate to perform oversight functions</p>
	<p>Develop a Contract Compliance Protocol for effective Monitoring and Enforcement</p>	<p>Formalize enforcement and enhance credibility of existing contract remedies and penalties such as default, termination and debarment</p>	<p>3 - 6 Months</p>	<p>Costs of OEO Staff adequate to perform monitoring and enforcement</p>

Figure 1.2 – Economic Opportunity Strategic Plan Process with Proposed Outcome, Timeline, and Associated Cost

STRATEGIC OBJECTIVE	PROCESS	OUTCOME	TIMELINE	COST
<i>Increasing the Availability of: Qualified Workers</i>	Establish Long Range Regional Goals for Minority and Female Membership in the Philadelphia Building Trades Workforce	Increase Philadelphia’s existing building trades workforce to include 32% Minority Representation and 7% Female Representation	6-12 Months	No Additional Cost but requires robust cooperation of the Building Trades Unions
	Collect demographic data on trades union membership through the Philadelphia Commission on Human Relations	Ability to refine employment goals for each building trade	In Process	No Additional Cost but requires cooperation of the Building Trades Unions
	Publish catalogue of pre-apprentice and trades training programs and target marketing to unemployed workers and formerly incarcerated individuals re-entering the workforce	Increases availability of a professionally trained workforce	3-6 Months	Nominal Cost of print and web publication
	Engage youth in trades related education as a career pathway	Ensures future availability of professionally trained workers as current workforce retires	6-12 Months	Nominal but requires cooperation of the Philadelphia School District and Building Trades

Figure 1.2 – Economic Opportunity Strategic Plan Process with Proposed Outcome, Timeline, and Associated Cost

STRATEGIC OBJECTIVE	PROCESS	OUTCOME	TIMELINE	COST
<i>Increasing the Utilization of: Qualified Workers</i>	Produce a multi-trade database of qualified minority, women, and disabled workers and market to prime contractors and other regional employers including major institutions	Creates employment opportunities especially for those tradespersons whose unions have open solicitation rules.	12- 24 Months	Costs of web development and requires cooperation from trades unions and pre-apprentice and training programs to identify workers
	Monitoring of workforce goal attainment by the OEO working in concert with the Labor Standards Unit who will collect demographic data by trade along with Prevailing Wage data	Ability to refine employment goals for each building trade	3-9 Months	Costs of OEO and Labor Standards Staff adequate to perform monitoring and analysis of data
	Annual Publication of an <i>Inclusion Report Card</i>	Keeps public attention on necessity for achieving diversity within the Philadelphia Area Building Trades	Annual	Nominal Cost
	Identify Demographic Composition of Prime Contractor Steady Workforce by requiring Public Works Contractors to provide demographics on in-house staff as part of the City's Pre-Qualification Questionnaire	Encourages the City's business partners to consider in-house diversity as a positive step towards increasing overall Minority and Female trades representation	6-12 Months	No Additional Cost

1.0 ECONOMIC OPPORTUNITY VISION

Background

The City of Philadelphia's population is 40.2 percent African-American, 6.5 percent Hispanic, 3.5 percent Asian, 53.5 percent female, and 23.4 percent disabled.³ Yet together these groups represent only 24.6 percent of local companies and only 3.1 percent of total local business revenues.⁴ Local African-American and Latino unemployment rates are double and in some instances triple those of whites.⁵ And disabled persons, who have higher self-employment rates than non-disabled persons among those employed,⁶ only participated in one City contract, for \$200,000, in FY 2008.⁷

Against this backdrop, Mayor Nutter disestablished the Minority Business Enterprise Council (MBEC), which was located in the Finance Department, and created the new Office of Economic Opportunity (OEO), located under the purview of the Commerce Department. This development is significant on two levels:

- The full participation of minorities, women, and disabled persons in the local economy is to be a goal of the Administration's overall business growth strategy. While the MBEC focused primarily on bookkeeping and meeting participation goals ("what percentage of certain categories of opportunities went to certain categories of people?"), the OEO in coordination with the rest of the Commerce Department, is now expanding its sights to help businesses start-up and compete for public and private dollars. OEO staff will also strive to prepare workers for the jobs those companies offer ("how can we make sure that *ready, willing and able* people and businesses are properly prepared and participating so that our economy can be as robust as possible?"). This fundamental shift of the Administration's M/W/DSBE focus—from reporting outcomes to stimulating economic activity—is designed to lead to better long-term outcomes for both local companies and the City's overall economy.
- Similarly, the universe of economic opportunities being considered need no longer be limited solely to *contracts* let by the City. Less than \$800 million in City contracts are available per year, yet *the Philadelphia region constitutes a \$320 billion economy*.⁸ By placing OEO within the Commerce Department, the Administration can take a more comprehensive approach to both entrepreneurship and employment opportunities and broaden the discussion of diversity and inclusion to a regional and even global stage.

Organizational Structure

³ 2000 Census.

⁴ 2002 US Census Bureau Survey of Business Owners. Results cited are for companies that employ more than one person.

⁵ "Two Philadelphias: Racial and Ethnic Disparities in Educational Attainment and Employment are Pervasive in Philadelphia," Philadelphia Workforce Investment Board (2005).

⁶ US Census Bureau; US Department of Labor, Office of Disability Employment Policy.

⁷ "FY 2008 Disparity Study," Econsult Corporation (June 2009).

⁸ As of 2007. "US Metro Economies: GMP – The Engines of America's Growth," US Conference of Mayors (June 2008).

The Office of Economic Opportunity was established under Executive Order 14-08 to advance economic opportunities for M/W/DSBEs and increase the membership and hourly deployment of minority and female tradespersons in the building trades unions and construction industry. The OEO, unlike its isolated *MBEC* predecessor, will function through a support network headed up by the Mayor's Economic Opportunity Cabinet (EOC).⁹

OEO will receive policy guidance and strategic direction from the EOC. The EOC, which is chaired by the Mayor, meets quarterly, and more often as needed. The EOC's policy directions will ensure that decisions about diversity and economic inclusion are made at the highest echelons of City government. The Mayor will set the tone by providing leadership on the issues of diversity, inclusiveness, competitiveness and holding the EOC accountable for achieving their respective benchmarks. OEO staff will execute that vision, which will include contracting benchmarks for individual departments. The Executive Director of the OEO will report regularly on progress toward those benchmarks, as well as on data related to M/W/DSBEs start-ups and annual revenue and income growth.

In its day-to-day activities, the OEO will serve as the primary advocate for M/W/DSBEs, connecting them to public contract opportunities, providing them with technical assistance and directing them to the capital needed for growth. The office will help minorities, women, and disabled persons in their pursuit of construction employment opportunities. OEO will help guide oversight over City contracts, assist City departments with procurement efforts, support certified firms, and monitor performance.

The OEO will work as part of an Economic Opportunity team within the Commerce Department. To accommodate the creation of this Economic Opportunity team, the Commerce Department itself was reorganized so that OEO could interface directly with the Office of Neighborhood Economic Development (ONED), and the Office of Business Services (OBS). This restructuring and its resultant agencies will help to ensure that M/W/DSBEs have equal access to local and global opportunities and are fully integrated into the work of the Commerce Department. No longer will such companies be considered separate entities or after-thoughts within the City's administrative structure or within Philadelphia's economy.

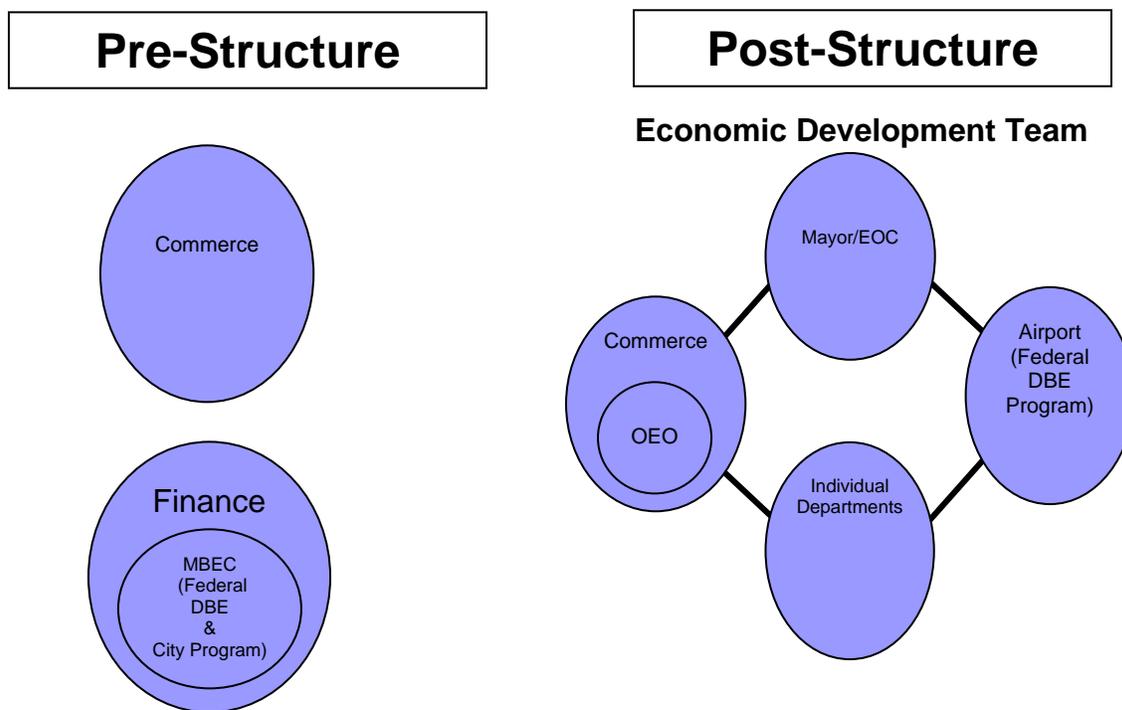
Each agency member of the Economic Opportunity team has a distinct purpose. The ONED & OBS have broad responsibility over a range of business development initiatives. Specifically, ONED develops and administers a variety of economic development tools for use in improving neighborhoods, corridors, and businesses. The OBS helps businesses access resources and contacts within the Administration as well as other providers of technical assistance and business financing. Already, in the past year, through the

⁹ As directed in Executive Order 14-08, OEO has transferred the Disadvantaged Business Enterprise Program from the former MBEC (OEO) to the administration of the Transportation and Utilities Office. The Division of Aviation (DOA), which operates Philadelphia International Airport, receives Federal financial assistance from the U.S. Department of Transportation (DOT) through the Federal Aviation Administration (FAA), and as a condition of receiving this assistance, the City has signed an assurance that it will comply with the FAA's regulations and all orders, rules, directives, guidance or other requirements issued by the DOT, or the FAA. Accordingly, the City established a Disadvantaged Business Enterprise (DBE) Program which had been managed by MBEC. The program is narrowly tailored in accordance with applicable law. It is the policy of the Philadelphia International Airport to ensure that DBEs, have an equal opportunity to receive and participate in DOT assisted contracts. This was a thoroughly conscious decision and its impact significant in light of the advent of the American Recovery and Reinvestment Act of 2009 (ARRA). A singular focus on DBEs enhances the City's ability to leverage inclusion. OEO will work with the Transportation and Utilities Office on common objectives.

Cultural and Commercial Bond Program, the Commerce Department has provided funding for capital projects throughout the City; M/W/DSBE subcontractors earned \$49 million or 26% of the total funds. Additional federal funding will soon be made available and the Administration is committed to M/W/DSBEs gaining a share of those dollars.

The Administration has moved aggressively to make City access to capital more efficient for businesses of all sizes by consolidating them into one agency--the Philadelphia Industrial Development Corporation (PIDC)—last summer.¹⁰ Going forward, *PIDC*, a quasi-public entity, will serve as the Administration’s primary financing entity, providing a variety of commercial lending products and related technical assistance. Additional *public and quasi-public agencies* will work with OEO to provide technical assistance and business financing to M/W/DSBEs and help the Administration meet its diversity and inclusiveness goals.

Figure 1.4 – Economic Opportunity Efforts within the Administration, Before and After



2.0 INCREASING THE AVAILABILITY OF QUALIFIED M/W/DSBE FIRMS

¹⁰ In years prior, the Commerce Department contracted with the Philadelphia Commercial Development Corporation (PCDC) to provide financing and technical assistance using federal Community Development Block Grant (CDBG) funds. However, each of PCDC’s primary programs was duplicated at Commerce, PIDC or other agencies supported by City. This redundancy was confusing to private businesses and expensive to the City.

2.1 Objective

The City’s Annual Disparity Study, which has been conducted each year since 2006, calculates the value of City contracts awarded to M/W/DSBEs relative to the total amount of contracts available (the “utilization” rate). It then compares this number to the number of M/W/DBE companies ready and able to compete in the market relative to the total number of firms (the “availability” rate) the result is known as the “Disparity Index.” Disparity Studies provide legal support for the City’s utilization goals and help guide City leadership as they develop and implement programs designed to improve inequities in contracting and employment. The Nutter Administration believes that increasing utilization and availability are equally important policy objectives (see Figure 2.1).¹¹

Figure 2.1 – Disparity Ratio Equals Utilization Divided by Availability

Utilization		Availability
\$ value of City contracts (or # of jobs) awarded to M/W/DSBE prime contractors and sub-contractors (or employees)	divided	M/W/DSBE for-profit firms (or potential employees) that are “ready, willing, and able”
_____	by	_____
Total \$ value of City contracts (or # of jobs) awarded to all for-profit prime contractors and sub-contractors (or employees)		All for-profit firms (or potential employees) that are “ready, willing, and able”

Source: Econsult Corporation (2006)

In the past, much focus has been given to the utilization of M/W/DSBEs in City contracts, and rightly so. However, increasing M/W/DSBE utilization in City contracts over the long term can only come with *a concerted effort in increasing the availability of qualified M/W/DSBEs* to bid on, win, and perform those contracts. From the perspective of sustainability, the best way to increase M/W/DSBE utilization is to increase M/W/DSBE availability. The Administration will focus on M/W/DSBE availability as a performance outcome in and of itself, rather than as simply part of a disparity calculation. The Administration will aim to increase the total number of registered M/W/DSBE firms by at least 25% by December 31, 2011.¹² But, at the same time, its efforts will also focus on increasing the total number of M/W/DSBEs that start-up or relocate to the city. No longer will the City focus solely on municipal contract awards as a measure of success.

¹¹ “City of Philadelphia – FY 2008 Disparity Study,” Econsult Corporation (May 2009).

¹² As of February 1, 2010 there are 1325 certified firms.

Business Outreach and Capacity Building - In 2007, the SBA launched the Emerging 200 Initiative. The program was designed to assist inner-city businesses with accelerating their growth and preparing for expansion. The program featured a comprehensive curriculum focused on developing winning strategies and attracting capital to fuel growth. Participants have the opportunity to work with experienced mentors, attend workshops and develop connections with banks and the private equity community.

US Small Business Administration

This is because the City's annual spending is miniscule compared to our region's \$320 Billion economy (to say nothing of additional economic opportunities outside the region that are also available to M/W/DSBEs located within the City). Increasing the availability of qualified M/W/DSBEs within the City is an imperative. Economic inequities can only be overcome when historically disadvantaged groups have avenues for wealth creation; and building a business to scale in order to either sell it or pass it on to one's successors is one of the main ways wealth creation happens in the US. It is critical that minorities, women, and disabled entrepreneurs are equipped to grow their businesses, and that youth and immigrants are encouraged to start businesses in Philadelphia.

The Administration has two main objectives related to increasing the availability of qualified M/W/DSBEs. First, it wants to see *overall increases in the quantity and quality of M/W/DSBEs located within the City*. Companies should reflect a variety of races, ethnicities, genders, and physical disabilities, as well as a range of industries and firm sizes. Secondly, it wants *to see the capacity of M/W/DSBEs improve* so that they are better equipped to respond to local, regional and global opportunities.

As noted above, this is not just a matter of pursuing diversity simply for the sake of diversity, although given the demographic composition of the City's population, increasing the proportion of M/W/DSBEs within the overall universe of businesses within the region is a worthy goal to pursue in and of itself. In an increasingly accelerating global economy, these sorts of diversifications – by race, ethnicity, gender, physical disability, industry, and firm size – make the City more nimble, more adaptable, and more competitive. Increasing the availability of qualified M/W/DSBEs, in other words, is a matter of survival and competitiveness, not simply a matter of economic justice.

The issue of improving capacity is important because merely increasing the volume of M/W/DSBEs is not enough. Preparation coupled with opportunity is crucial to leveling the playing field in Philadelphia. The Administration acknowledges that providing access to public contracts alone is not enough unless there is an equal focus on preparation and building capacity for those businesses that require technical and financial assistance; this is particularly true of smaller M/W/DSBEs and emerging businesses.

In a similar vein, the Administration is interested in growing very large M/W/DSBE firms within the City. Whether homegrown or imported from outside the region, larger firms will play a greater role in the long-term economic vitality of the City. Their existence within City limits validates the City as a preferred location for doing business. Their size makes them more likely to be able to compete for, secure, and complete large-scale contracts outside the region and employ local workers, thus importing economic activity into

the City. Their prominence makes them more likely to be recognized nationally and internationally, whether within their trade through industry conferences and trade networks or through broader channels such as national rankings and national press, and thus garner favorable impressions for the City in the process. Finally, these larger M/W/DSBEs provide encouragement for small and emerging M/W/DSBEs and youth entrepreneurs and can be used to mentor such firms.

2.2 Action Steps, Process and Outcome

With these objectives identified, the following action will be taken by the Administration to increase the availability of qualified M/W/DSBE firms:

1) Reform the Certification Process.

Certification is a necessary component of any M/W/DSBE program: it readily identifies the universe of businesses these efforts are designed to help and enables accurate measurement of utilization levels. The process of certification however, which entails determining the ownership and control of a firm, has become costly and burdensome for the City, as the certifying entity, and the applying business. The opportunity for fraud in connection with certification is great.¹³ Countless City personnel hours have been spent examining the ownership structure and financial records of local companies (and those located outside the region) resulting in certification backlogs and applicants waiting more than a year for a certification decision. In many instances qualified firms choose not to go through the certification review process, which routinely requires inspection of personal financial documents, given the work required and the desire for privacy. Other firms believe it is unnecessary to acquire certification in multiple jurisdictions, yet if they are not listed in the City's Directory of Certified Firms, their participation cannot be counted on a City contract. The current certification process has led to the City under-counting its M/W/DSBE participation and excluding firms that could otherwise be recognized and counted as M/W/DSBE.

There are already numerous other certifying entities in existence, whose processes and validations are widely accepted. In fact, the City already grants "Reciprocal Certification" to firms certified by other recognized government entities, but even this process can be time consuming and requires reform. Therefore, as of March 1, 2010, the City will no longer perform certifications of M/W/DSBEs. Instead, the City will establish a *Registry of Certified Firms* in the following way:

- OEO will publish a list of approved certifying entities. Firms certified by any of these approved entities will qualify for listing in the *OEO Registry of Certified Firms*.¹⁴

¹³ "Schuylkill Exec Pleas Guilty to \$121 Million DBE Fraud Targeting PennDOT, USDOT," Pat Camuso, TriState News, February 15, 2008

¹⁴ Administration will accept certification from an M/W/DSBE that is currently certified by another certified by another local, state or federal government-operated certification program and other certification programs which employ standards that ensure that businesses so certified are beneficially owned and controlled in both form and substance by minorities, women or disabled persons. These include: the, Commonwealth of Pennsylvania's Department of General Services, the Women's Business Enterprise National Council, PA Unified Certification Program, and the Minority Supplier Diversity Council. Any additional certifying bodies that are brought before OEO by firms seeking to have those certifications recognized will have to first be approved by the OEO.

- Firms that are currently certified by the OEO will migrate to the *OEO Registry of Certified Firms*. Any firms whose OEO certifications are going to expire between now and March 1, 2010 will have their certifications automatically extended to December 31, 2010. OEO will alert all firms of these changes, and send instructions and paperwork on how to do certification renewal moving forward.
- Firms that are not currently certified anywhere will be referred to an approved certifying entity.

Reforming certification by streamlining the process will increase overall M/W/DSBE availability. Less resources will be required to process complicated certification applications, thereby enabling OEO staff to focus on helping local businesses grow and succeed. For example, already the Administration is partnering with the Enterprise Center to host bi-monthly workshops for local M/W/DBE businesses interested in public work to be funded through the American Recovery and Reinvestment Act. During these meetings, companies learn about upcoming contracts and meet the City officials who will be managing that work.

In addition, OEO has been working with the City's Department of Technology in the design of the features of the online *Registry*. This improvement will enable M/W/DSBEs match-making with City Departments, prime contractors and regional buyers. The OEO will make additional improvements to the *Registry* so that it becomes more user-friendly for City procurement officers and prime contractors seeking M/W/DSBEs. Notably, a feedback function, not unlike what has become commonplace at online social networks and Internet retailers, will be added, so that procurement officers and prime contractors can recommend certain M/W/DSBEs and highlight previous work experiences and attributes which can inform the decisions of other procurement officers and prime contractors seeking M/W/DSBEs.¹⁵

2) Create Networking Partnerships.

OEO will identify a mix of the largest minority and women owned firms currently operating within the City to partner with small and emerging M/W/DSBEs for the purpose of business networking and mentorship. Through this group, the Administration will host an *Emerging Business Partnership Program* which will meet quarterly to dialogue about business innovations, operational constraints and contract barriers that are common to minority owned businesses, and other areas related to business development. This group will be beneficial to the M/W/DSBE members and also provide insight to the Administration to better understand where it is currently helping or hurting, and what it can do to leverage its resources and influence for large and small M/W/DSBEs. From one-on-one meetings with the Mayor to quarterly breakfast gatherings, these firms will learn that they have the full support of and access to the Administration. In a very tangible way, these efforts will help demonstrate that Philadelphia is a preferred location for M/W/DSBEs and that the City is committed to their success. The firms will be encouraged and supported to become prime contractors in pursuing large-scale opportunities within the city, with other major local and regional procurers. The Administration will create a meaningful forum for business discussion and invite local business chambers, major academic and cultural institutions and large local corporations to participate in its programming.

3) Promote High-Growth Industries.

¹⁵ It should be noted that Chapter 17-1400 of The Philadelphia Code entitled, "Non-Competitively Bid Contracts; Financial Assistance" requires disclosure of advice given by a City official to an Applicant for a City Contract concerning the use of M/W/DSBEs to satisfy a contract goal.

A similar approach will be taken to ensure M/W/DSBE participation in emerging markets. Because of the accelerating speed of the global economy, making sure M/W/DSBEs represent an appropriate proportion of businesses in today's industries is not enough; the Administration must also consider how it can make sure M/W/DSBEs represent an appropriate proportion of businesses in tomorrow's industries. Some of the barriers to entry associated with these high-growth opportunities are capital-related or knowledge-related, while others are networks-related. Consider, for example, what is needed to capitalize on emerging opportunities in infrastructure, cloud computing, electronic health records, or nanotechnology.

To help facilitate M/W/DSBE participation in emerging business sectors the OEO will encourage mentor-protégé relationships with the Philadelphia region's most dynamic firms, link emerging entrepreneurs with key educational institutions and financing entities, and champion M/W/DSBE participation in various conferences and symposia. This work, too, is intended to increase the number of M/W/DSBEs that bid for City and other public and private contracts both as subcontractors and increasingly as prime contractors.

To give additional prominence to this initiative, the OEO will publish an annual report that shines a spotlight on those efforts that enable M/W/DSBEs to narrow the gap in accessing opportunities in emerging sectors. Publicly owned and majority-owned companies that help bridge that gap through symposia, mentor-protégé relationships, and other venues will be publicly acknowledged.

4) Support Youth and Immigrant Entrepreneurship.

Youth Entrepreneurship. Early exposure to business ownership is critical to sustaining business growth in Philadelphia. A prominent example of the power of early entrepreneurship education is The Enterprise Center's YES (Youth + Entrepreneurship = Success) Program, which, among many initiatives, teaches an entrepreneurship elective course in seven Philadelphia public high schools. Students are required to develop a business plan for a product or service and those who create each school's best business plans are invited to participate in a second, immersive year of learning on-site at The Enterprise Center. There their new ventures are incubated and additional instruction and exposure can be obtained.

The City must celebrate and encourage more initiatives like this. They go a long way toward building the next generation of M/W/DSBEs within the City. Large institutional efforts, such as those currently being undertaken by the School District and by the University of Pennsylvania, are of particular importance, given their broad accessibility, capacity for scaling up to reach many youth and young adults, and connectivity to other academic and vocational resources.

The Administration will work with key local and national partners, to make entrepreneurial training and experiences available to all interested local high school students and young adults, with particular outreach to minorities, women and disabled persons, who may require extra encouragement to consider starting their own business ventures. As a starting point, the Administration will partner with the Philadelphia Council for College and Career Success¹⁶ to bring together educational service providers in order to coordinate curriculum delivery and agree on annual goals.

¹⁶ The Council for College and Career Success is a body appointed by the Mayor which is comprised of leaders representing key sectors in Philadelphia, including K-12 education, postsecondary education, business, government and the non-profit community.

The Administration will also publicize and connect these ongoing initiatives to broader economic opportunity objectives. Central to the Administration's approach, then, will be to determine ways to play this supportive role, and to roll up individual success stories and outcomes data into a citywide narrative on early entrepreneurship education as a means to building a broader base of M/W/DSBEs within the City. The Administration will publish an annual report that profiles success stories of young entrepreneurs. This report will represent a compilation of efforts by the School District, The Enterprise Center, and other entrepreneurship education providers.

Immigrant Entrepreneurship. The Administration recognizes the unique challenges borne by immigrant entrepreneurs due to language and cultural barriers as well as connections to more mainstream business networks, including lending institutions. Nevertheless, immigrant entrepreneurs start new ventures at a very high rate, and their successes not only revitalize neighborhoods, but also help define Philadelphia as an open, vibrant, and competitive city. The Nutter Administration will work with the City's Global Philadelphia Initiative, local chambers of commerce, and the Welcoming Center, which offers a number of resources to orient and assist immigrants, to encourage more immigrants to start their businesses here in Philadelphia.

Specifically, the Administration will reach out to immigrant entrepreneurs to connect them with the Commerce Department's overall efforts to form relationships with businesses and representatives from other nations. Those linkages strengthen trade opportunities involving other regions of the world, and serve as essential entry points for all firms within the City who seek to increase their global presence. Symbolically, these efforts are reminders that the primary focus of the Administration is not the distribution of business contained within the City, but rather the amount of business throughout the world that City businesses can secure.

In addition to building linkages between local immigrant entrepreneurs and international business contacts, the Commerce Department will support ethnic corridors prominently in their commercial corridor intervention strategies. Retail centers such as Baltimore Avenue, Washington Avenue and North 5th Street are important parts of the City's overall mix of retail options, as their unique product offerings and aesthetic experiences make them regional draws as well as essential destinations for specific ethnic groups.

The ONED will work with community-based organizations and other entities that serve immigrant businesses, to connect business networking taking place within the City to broader, Administration-wide efforts. In collaboration with the Mayor's Office of Multicultural Affairs and the City's ethnic Commissions, together they will publish an annual report profiling success stories of immigrant entrepreneurs and identifying technical and business resources available for that community.

5) Act as an Advocate for M/W/DSBEs.

The OEO's movement to the Commerce Department is more than symbolic. Being embedded in this department provides OEO staff with the opportunity to connect all M/W/DSBEs to the larger economic development, neighborhood improvement and business attraction work the Commerce Department performs. As an advocate, OEO will also work to ensure that M/W/DSBEs are aware of opportunities to access loan programs managed by PIDC.

3.0 INCREASING THE UTILIZATION OF QUALIFIED M/W/DSBE FIRMS

3.1 Objective

When one discusses M/W/DSBE utilization, it is usually within the context of City contracts under the Administration’s purview. This is entirely appropriate: City contracts are the subject of the City’s Annual Disparity Study, required by Section 6-109 of The Philadelphia Home Rule Charter and Chapter 17-1500 of The Philadelphia Code. The Annual Disparity Study is an important barometer of the Administration’s commitment to M/W/DSBEs, and represents the only set of such economic opportunities over which the Administration has direct control. Any undertaking by the Administration to advance the use of M/W/DSBEs must include efforts by the Administration to “practice what it preaches” and utilize M/W/DSBEs in its own procurements. City contracts represent an important type of revenue opportunity for many M/W/DSBEs: they can be key stepping stones in the evolution of a small and emerging business. Accordingly, this section discusses at length efforts the Administration will take to measure, plan for, and achieve robust M/W/DSBE utilization in its own procurements.

Beyond City procurement, the Administration can and will play a growing role of influence in encouraging M/W/DSBE utilization by other large-scale procurers within the region, such as large non-profit institutions, for-profit corporations and other public sector entities. The City’s own procurement opportunities are small when compared to the aggregate purchasing power associated with federal and state governments, the School District, SEPTA, the university and hospital systems, and numerous sizeable businesses such as Merck, DuPont, Vanguard, Comcast, Independence Blue Cross, and GlaxoSmithKline. The Administration is committed to preparing local M/W/DSBEs to compete for, win, and fulfill contract opportunities with these regional entities.

The Administration has two main objectives as it relates to increasing the use of qualified M/W/DSBEs. First, it wants to see *increases in its own utilization of M/W/DSBEs in City contracts*, whether Public Works (PW), Personal and Professional Services (PPS), or Services, Supplies, and Equipment (SSE) contracts.

Figure 3.1 FY05-FY08 Summary of M/W/DSBE Participation

Fiscal Year	For Profit Dollars	MBE Amount	MBE %	WBE Amount	WBE %	DSBE Amount	DSBE %	Total Participation	Total %
2009	\$698,599,339	\$77,195,828	11.05%	\$45,022,724	6.44%	\$14,079	0%	\$122,232,631	17.50%
2008	\$649,600,368	\$85,923,046	12.65%	\$36,605,610	5.13%	\$200,000	0.03%	\$122,728,656	17.80%
2007	\$786,028,015	\$92,076,433	11.71%	\$46,825,052	5.96%	\$316,757	0.04%	\$139,218,242	17.71%
2006	\$539,985,964	\$78,402,158	14.52%	\$36,492,643	6.76%	\$332,794	0.06%	\$115,227,595	21.34%
2005	\$601,302,043	\$85,755,017	14.26%	\$45,685,869	7.60%	\$64,657	0.01%	\$131,505,543	21.87%

Figure 3.1 shows participation from Fiscal Year (FY) 2005 through Fiscal Year 2008. The participation numbers for FY 2009 are currently being compiled.

Secondly, it wants to work with regional entities that are outside its direct control, to communicate the importance of M/W/DSBE utilization, discuss the implementation of systems to encourage, track, and publish rates of M/W/DSBE utilization, and facilitate the dissemination of best practices and other useful information across entities.

As discussed in the previous Section, if contract opportunities are not meaningful, robust utilization will remain elusive unless businesses are better prepared to compete for these opportunities. Preparation must include an assessment of a business' technical and financial capacity. By redefining OEO's relationship with M/W/DSBEs away from a certifying agency and an accountant of M/W/DSBE participation, the Administration will emphasize its commitment to cultivating M/W/DSBE business growth. Leading by the example of its own procurement practices and paying close attention to issues of capacity, the Administration will influence greater M/W/DSBE utilization among the broader universe of procurement opportunities available within the Philadelphia region.

3.2 Action Steps, Process and Outcome

With the objectives identified, the following seven action steps have or will be taken by the Administration to increase the utilization of qualified M/W/DSBE firms:

1) Internal Reorganization of Key Entities.

As stated above, In October 2008, the Mayor issued Executive Order 14-08 disestablishing the Minority Business Enterprise Council and transferring its functions to a new Office of Economic Opportunity (OEO). Most significant was the removal of these functions from the Finance Department to the Department of Commerce where business development is a core competency. More restructuring occurred within Commerce, including the creation of the Office of Neighborhood Economic Development (ONED) and Office of Business Services (OBS). Technical assistance for small businesses and M/W/DSBEs once provided by the Philadelphia Commercial Development Corporation was brought into the Commerce Department and the Philadelphia Industrial Development Corporation.

2) Assign OEO Staff to identified City Project Managers and Procurement Buyers.

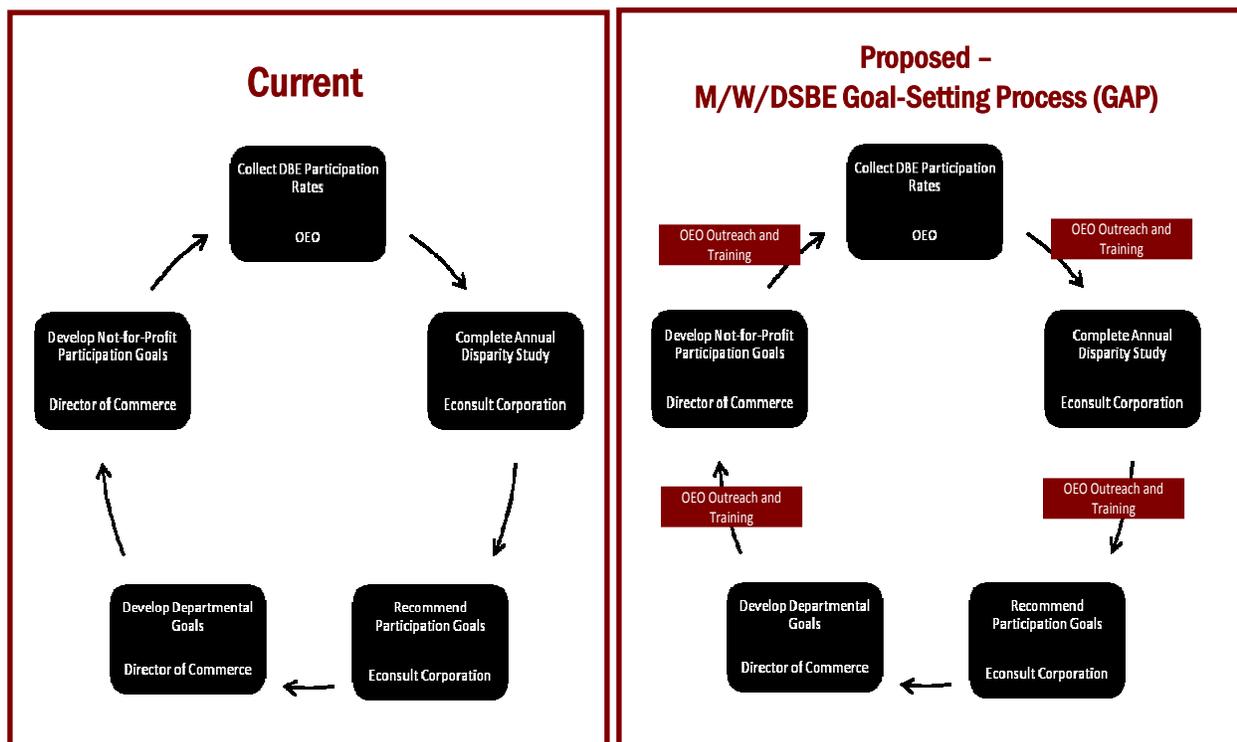
The OEO will assign staff to City Project Managers and Procurement Buyers to facilitate inclusive purchasing decisions. M/W/DSBE participation will not be ignored or be an afterthought if OEO is involved in the earliest stages of planning the purchase. Procurement occurs within every City department, yet procurement officers in each department may not understand what they can do to make sure their contract opportunities are prepared in ways that maximize the quantity and quality of firms that can pursue these opportunities. They may not be aware of contract characteristics that help or hurt M/W/DSBE participation or what M/W/DSBE participation ranges are appropriate for a particular opportunity. Quite often, the characteristics of the contract opportunity itself may hinder M/W/DSBE participation. The contract's size, or insurance or bonding requirements, may prohibit some or all otherwise qualified M/W/DSBEs; OEO can provide counsel to the department which will ultimately determine the necessity for or relaxation of these requirements. Additionally, the specialized nature of products or services being asked for in a contract may narrow the universe of qualified firms, necessitating research to find M/W/DSBEs who can compete for

these specialized opportunities. Matching OEO Staff to City departments will increase overall M/W/DSBE utilization by placing inclusion at the forefront of purchasing decisions.

OEO will itself play a referring role to procurement officers and prime contractors on behalf of M/W/DSBEs. Through formal gatherings and informal meetings M/W/DSBEs will have the opportunity to seek the assistance of OEO in connecting to procurement officers and prime contractors. As noted above, such sessions are already taking place to help local businesses learn about and apply for federal ARRA-funded contracts.

OEO will also immediately begin to host goal-setting training sessions with decision-makers in each City department, so that Administration-wide initiatives and departmental processes are coordinated with OEO's strategic priorities and reporting protocols. To increase the utilization of M/W/DSBEs, OEO plans to proactively implement Goal Achievement Process (GAP), an annual goal setting initiative that supports City departments as they establish their annual M/W/DSBE contractor engagement goals. Under the direction of OEO, protocols will be developed to establish individual department goals and to ensure that City departments plan their annual budget in alignment with these goals while reflecting the realities of M/W/DSBE availability. This process incorporates anticipated contract dollars (*department annual budgets*), specific projects (*department needs*) to be pursued, the scope of work (*contract specifications*) required and the number of available M/W/DSBEs. GAP will help ensure that the department goals reflect utilization and availability realities (see Figure 3.2).

Figure 3.2 – Current and Proposed M/W/DSBE Goal-Setting Process



Source: Milligan & Company / Econsult Corporation (2009)

OEO will work closely with City departments to provide the support and guidance needed so that contract opportunities are structured in a way to encourage more rather than less interest by M/W/DSBEs. The use of M/W/DSBEs as prime contractors will be evaluated as a point of particular preference. Where appropriate, large contracts will be unbundled and insurance and bonding requirements modified. And, even if there may not be anything that can be done immediately about more specialized contracting needs, knowing what those needs are can then translate into other efforts to prepare M/W/DSBEs to eventually compete for such contracts.

OEO will educate City departments about the use of Economic Opportunity Plans under The Philadelphia Code which requires the use of *Best and Good Faith Efforts* towards M/W/DSBE utilization and minority and female employment. With OEO's new location within the Commerce Department, it can consistently apply a standard protocol concerning the use of EOPs in all relevant City contracts.

Additionally, in coordination with the City Solicitor's Office, a review of the City's interpretation of Best and Good Faith Efforts will be conducted to determine if changes are needed to provide greater clarity to the role of prime contractors. The intent is to provide greater direction to help guide prime contractors outreach to firms.

3) **Catalogue Existing Inventory of Providers of Technical, Financial, and Business Support Resources.**

There are numerous private non-profit organizations located within Philadelphia that provide entrepreneurs with business services ranging from business plan development to sales coaching. The Administration can play an important coordination and support role, by helping M/W/DSBEs access these resources. In order to help in this way, the Administration, through the Commerce Department, will need to take the lead in two ways:

- First, a multi-agency task force will conduct a critical, programmatic review of local technical assistance providers to identify gaps in needed services as well as under-served populations. Administration and other resources can then be mobilized in response.
- Second, Commerce staff members, as the Administration's first point of contact with all businesses, particularly M/W/DSBEs, will learn about the various technical service resources available through the many providers within the City, so that the appropriate referrals and connections can be made.

Technical Assistance Impact - In 2004, the US Small Business Administration, through its extensive network of technical service providers, assisted over 2.44 million people in services ranging from writing an initial business plan to helping businesses raise \$19.29 billion in loans and venture capital financing. The reason why individuals seek assistance is because entrepreneurship requires a working knowledge of bookkeeping, marketing, cash management and other business disciplines. The more technical assistance obtained; the greater the chances for business success.

Franchising World, March 2005

Add
produce a resource guide every two or three years that provides contact information for providers of

technical assistance, financing and business support services, both within the Administration and throughout the Philadelphia region. The Commerce Department plans to make this guide available on OEO’s website and the Business Web Portal located at www.phila.gov/business. This guidebook will be an invaluable reservoir of information, providing entrepreneurs with a one-stop shop for resources that are needed at different stages of their business growth.

Reflecting this, we firmly believe through our efforts outlined above M/W/DSBE participation in City contracts will increase to 25% by the end of FY 2011 (see figure 3.3).

Figure 3.3 FY11 M/W/DSBE Participation Goals

FY11 Participation Goals	
Category	Percentage
African Americans	12-14%
Hispanic Americans	3-6%
Asian Americans	3-4%
Native Americans	1%
Women*	10-13%
Disabled persons	1-3%
Operating within the City of Philadelphia	50%
FY11 Overall Participation Goals	
All MBE	15%
All WBE	9%
All Disabled owned	1%
City Wide Overall Participation Goal	25%

**Includes minority and disabled women-owned businesses therefore sum of M/W/DSBE categories is higher than 25% goal*

4) Provide incentives for Prime Contractors who mentor M/W/DSBEs.

OEO is exploring successful Mentor/Protégé models in other jurisdictions to determine an appropriate path for the City. One possibility is for the City to recruit large, experienced prime contractors to share their knowledge with small and emerging M/W/DSBEs. Emphasis would be placed on developing a solid business plan for growth, improving estimating skills and creating effective tools for marketing the business. Through these partnerships, M/W/DSBE participants would have an opportunity to gain access to private sector opportunities and financing.

5) Improve Contract and Business Data Collection.

OEO will work with City departments to implement a system requiring City departments to collect and report data related to actual disbursements of payments to M/W/DSBEs, rather than only reporting the encumbered contract amounts with the portions committed to M/W/DSBEs. Encumbrances represent funds that are set aside to allow for the payment of contracts awarded to vendors. The total encumbrance against a contract for a given fiscal year may differ from the total contract value. In order to capture more

accurate participation, it is essential to be able to capture actual payments to subcontractors. Financial and Procurement systems integration to create these reports and training are in the planning stages. City departments will be required to submit data to OEO on a quarterly basis. OEO will provide a standard reporting template to be submitted 30 days after the end of the fiscal quarter (October 31, January 31, April 28, and July 31). This will enable OEO to produce a Participation Report inclusive of the actual disbursements, which will be the first such report based on actual payments to subcontractors.

The annual Disparity Study produced by the Administration focuses on contracts secured by for-profit prime contractors and sub-contractors for those opportunities under Mayoral control. However, additional local contract opportunities exist that the Administration can take greater interest in from the standpoint of goal-setting, utilization, and measurement, such as quasi-public agencies and for-profit sub-contractors under non-profit prime contractors. These contractual relationships are more difficult to manage and measure: quasi-public agencies do not directly report to the Administration in the same way that City departments do, and non-profit entities are not owned in the same way that for-profit entities are. There is even more diffusion of influence and measurement when one considers the many additional contract opportunities associated with universities, hospitals, non-profits, and corporations located within the Philadelphia region. The Administration has not previously collected utilization data from these entities in any systematic way, and it does not hold any direct influence in whether or to what level M/W/DSBE participation goals are set, achieved, monitored, or publicized; yet these too represent potential business for M/W/DSBEs to advance themselves in the region, and therefore represent an opportunity for the Administration to develop new mechanisms for the collection and analysis of such data. To that end, OEO will support the following actions:

- Hosting an M/W/DSBE contracting opportunity summit that applies GAP principles (see Figure 3.2) to create a clearinghouse for existing procurement and goal-setting practices while promoting the Administration's commitment towards increasing M/W/DSBE participation.
- Maintaining an ongoing interface with individual entities on why and how to increase M/W/DSBE utilization.
- Providing periodic reporting of M/W/DSBE utilization rates across a multitude of entities creating an opportunity to use public pressure to acknowledge strong performers and motivate underperforming entities.
- Highlighting case studies of corporations and institutions, both large-scale and medium-scale, have demonstrated innovation and success in their direct M/W/DSBE participation levels and in their advocacy of M/W/DSBEs through mentor-protégé relationships, technical assistance offerings, and other initiatives.

Finally, in addition to improving the collection of contract related data, OEO will begin to collect business data by surveying M/W/DSBEs listed in the OEO Registry. For example, knowing the annual gross receipts of an M/W/DSBE and the number of their full time employees can present a valuable measure of business growth and success. Both enhancements, to contract data and business data collection, will afford more meaningful and realistic City-wide goal setting. It will enable the Administration to see where City departments are making progress towards increasing M/W/DSBE utilization and where they require

improvement. It will allow better assessment of M/W/DSBE capacity and business growth. And finally, by collecting regional data, it will broaden the discussion of diversity beyond the confines of City contracting.

6) Retool administrative oversight of Notices of Contract Opportunities and Economic Opportunity Plans.

OEO's central role in overseeing issues related to contract and employment opportunities across the Administration affords the chance for consistency and clarity in protocols across City departments. As discussed above, functions that are in need of some level of centralization and systematization include goal-setting, reporting, and data collection.

OEO is currently working with Finance to fully integrate OEO functions into the City's automated contract information system (ACIS). Previously, a City department could initiate a non-competitively bid contract (i.e., professional services contract) without OEO involvement in the consideration of opportunities for M/W/DSBEs. *ACIS* will be updated to mandate OEO review as one of the checkpoints en route to contract opportunities being posted to eContractPhilly. This will finally ensure that OEO is aware of and able to review all Requests for Proposals and Notices of Contract Opportunities prior to release by a City department.

7) Develop and Implement an Effective Contract Enforcement Process.

Contractual remedies for non-compliance with City contract provisions have long existed. These remedies include default and termination of a City contract, liquidated damages for shortfalls in M/W/DSBE commitments and debarment. Yet, monitoring compliance and enforcing penalties have not been consistent. The Administration is committed to developing a *Contract Enforcement Process* for effective contract compliance. This is critical to ensuring that prime contractors understand that the City is serious about ensuring M/W/DSBE participation in City contracts and also reassures M/W/DSBE businesses that OEO is truly its advocate. This process will define multiple touch points for compliance: the awarding City department and its project managers, OEO and the M/W/DSBE contractor. OEO will review contract provisions with the City's Law Department and will train its staff to identify and follow through on any situation where non-compliance is occurring; in cases where it is determined that provisions need revision, proper refinements will be made through the Law Department. Additionally, formal training of the Contract Enforcement Process will be mandated for all City departments and OEO will provide education to M/W/DSBEs so they are better equipped to related instances of non-payment and related compliance issues.

Mentor Protégé Program- The Greater Philadelphia Chamber of Commerce has expanded its CEO Access Network that pairs business leaders with operators of smaller minority-owned companies. The initiative, in its second year, is part of an agenda to bring greater diversity to chamber operations and help minority-owned businesses grow. David L. Cohen, chairman of the chamber and executive vice president of Comcast Corp., announced that the program that included 11 pairings would be expanded to 20 in its second year.

Greater Philadelphia Chamber of Commerce

4.0 INCREASING THE AVAILABILITY OF QUALIFIED WORKERS

4.1 Objective

The Mayor's Advisory Commission on Construction Industry Diversity (MACCID) was appointed on March 30, 2008 pursuant to Mayor Nutter's Executive Order 14-08 with the mission to conduct "a comprehensive analysis and review of the construction industry in Philadelphia and the extent to which Philadelphia County minority persons and women are utilized in the workforce" in construction projects in the City. After a year of study, which included two public hearings, input from local labor and business leaders, the School District of Philadelphia and directors of apprenticeship training programs, the MACCID recommended that the City and its trades unions should adopt a long range goal of *increasing minority and female construction workforce participation to 32% and 7% respectively and an apprentice empanelment goal of 50% minority workers.*

Fairness in the distribution of construction-related employment opportunities matters because these employment opportunities represent an effective avenue through which minorities and women, particularly those who lack four-year college degrees, can increase their earning potential, increase their personal expenditures, and become greater net contributors to the City's revenue stream. As stated in the MACCID report:

"The demise of the regional manufacturing sector and the proliferation of low-wage, dead-end jobs in the Philadelphia area has left construction work, particularly union construction work, as one of few promising sources of good wages and benefits that allow workers, without college educations, to support their families."¹⁷

Retirement of skilled tradespersons and increased construction activity continue to create additional local demand for skilled workers. Increasing the availability of skilled workers who are minorities and women broadens and deepens the pool of qualified workers available for large-scale construction projects, with gains for all, and not just those currently under-represented groups.

As with contract opportunities for M/W/DSBEs, it is important to define the universe of opportunities for workers as not just being limited to City projects, but other large-scale projects within the region over which the Administration has influence. Using the MACCID report and recommendations as a roadmap, the Administration commits to the following action steps to increase the availability and inclusion of minorities and women in the local building trades.

¹⁷ The MACCID report, which was presented in March 2009, is available at www.phila.gov

Lucien E. Blackwell Apprenticeship Program at Penn - Launched in September 2007 with an inaugural class of 50 West and Southwest Philadelphia residents, this program provides minorities and women in the labor and skilled trade professions with the training needed to enter into the trade unions in Philadelphia. Upon reaching apprentice status, participants will be assigned by the unions to construction projects at the University of Pennsylvania. Citizens Bank is sponsoring this unique partnership in which the Building Trade Council of Philadelphia's Diversity Apprentice Program provides the training and the Greater Philadelphia Urban Affairs Coalition conducts the recruitment of men and women into the program.

University of Pennsylvania

4.2 Action Steps, Process and Outcome

With the objectives identified, the following four action steps will be taken by the Administration to increase the availability of Qualified Workers:

1) Establish Long Range Goals for Increased Minority and Female Membership in the Building Trades.

The Administration embraces the MACCID recommendation of establishing long range goals to increase the availability of minority persons and women in the Philadelphia area building trades. **The goal is 32% for Minority Workers and 7% for Female Workers.** Establishing these goals comes with the acknowledgement that the Philadelphia Area Building Trades must actively cooperate with the Administration as well as other private and public sector Project Owners to realize these objectives. The application of these goals is immediate but their realization will be incremental.

2) Collect Demographic Data on Philadelphia Trade Unions.

Minorities and women currently represent and have historically represented a very small proportion of most trade union membership rolls. In order to fully effectuate the goals of 32% Minority and 7% Female membership, data will have to be collected in order to establish an accurate baseline by which to measure progress. Again, this action step will require the cooperation of the Philadelphia area building trades. The Philadelphia Commission on Human Relations has already begun discussion with key external stakeholders regarding collection of this data.

3) Publish Catalogue of Training Programs.

The OEO will publish a directory of existing training programs such as the "Diversity Apprenticeship Program" and "Helmets to Hardhats." Information about enrollment in these programs will be published on the City's website and, as appropriate, on public access television and radio programming. OEO will emphasize its marketing of these programs to unemployed workers and formerly incarcerated individuals re-entering the workforce.

4) Engage Youth in Building Trades Careers.

The Administration will support the School District of Philadelphia in its efforts to reintegrate vocational-tech training into middle and high school curricula. The Administration will also work with unions, non-profits, and other schools to develop early exposure seminars, math skills programs, and other efforts that provide youth and young adults with information and preparation towards construction-related careers. Engaging youth early to see the building trades as a career pathway and preparing them for union apprentice entry, will ensure the future availability of a professionally trained construction workforce.

5.0 INCREASING THE UTILIZATION OF QUALIFIED WORKERS

5.1 Objective

The Administration has two main objectives as it relates to increasing the utilization of qualified minority and female workers. First, it wants to increase the percentage of minority and female workers on City construction projects. Second, it wants to increase the percentage of minority and female workers on other public and private construction projects.

Because of the relative scale and prominence of City construction projects, how the Administration performs in its own utilization of minority and female workers is of particular importance. Aggressive efforts by the Administration in this regard will go a long way towards advancing the cause (and utilization) of minorities and women in the construction industry, and will set a profound example for other public and private project owners.

5.2 Action Steps, Process and Outcome

With the objectives identified, the following four action steps will be taken by the Administration to increase the utilization of Qualified Workers:

1) Produce a Multi-Trade Database of Qualified Minority, Women, and Disabled Workers.

OEO will work with trade unions and training programs to develop a clearinghouse of minority and female workers identifying their skills and trades. This resource will facilitate matchmaking between project owners and developers seeking workers and workers seeking projects. This will be particularly useful for unions which have open solicitation rules such as Local 542, Operating Engineers. The database will allow those workers the opportunity to market their skills to employers throughout the region.

2) Monitoring Workforce Goal Attainment.

OEO will work with the City's Labor Standards Unit to collect demographic distribution of hours worked on City construction projects. Labor Standards is the City agency responsible for collecting and reviewing certified payrolls for every City public works project to ensure payment of prevailing wages. With the enactment of Chapter 17-1600 of The Philadelphia Code, Economic Opportunity Plans, the Labor Standards Unit has already begun collecting data on the race, ethnicity and gender composition of major construction projects' workforce. Appropriate coordination between OEO and Labor Standards is required to analyze this data for use in measuring progress towards the City's goals of increasing minority and female representation and employment in the building trades.

3) Publish Annual *Inclusion Report Card*.

OEO will publish an annual report that will measure change in the participation of minorities and women in the local building trades. Termed an *Inclusion Report Card* by the MACCID, this report will encompass City construction projects and data from other large projects within the City including private sector

development when such data is attainable. The report will note contractor and individual trade union performance. Success stories will be highlighted, to provide positive reinforcement for strong performers. Tracking overall performance in this way, on an annual basis, will support goal adjustment when needed.

4) Identify Demographic Composition of Prime Contractor Steady Workforce.

Working with the Procurement Department, OEO will require contractors to identify and provide demographics on their in-house staff as part of the Pre-qualification Questionnaire which is required for all public works projects. This requirement will enable OEO to identify staff on the prime contractor's steady payroll that makes labor hiring decisions and reveal the level of diversity within the prime contractor's company.

6.0 CONCLUSION

As demonstrated in this strategic plan, the Nutter Administration is committed to broadening the existing discussion around inclusion of all companies in the city's economy. In the past, policies have tended to focus narrowly on City "owned" projects and contracts to the detriment of the much larger universe of opportunities available in the private and non-profit sectors. This Administration's vision and aspirations of the Office of Economic Opportunity extend far beyond the public domain. However, while expanding the focus of our efforts and long-term goals, we recognize that we must also redouble our efforts with regard to City contracts and publicly-funded projects. Since these economic opportunities represent those the City has control over, successfully meeting and exceeding participation goals gives the City greater legitimacy to engage in and influence other sources of large procurement opportunities.

For generations our nation has been dealing with issues of equality and rights for all people and Philadelphia has played an integral role in the debates, struggles and progress that have occurred throughout history. Minorities, women, and the disabled have fought for years for individual rights – free speech, the end of slavery, and the right to vote. Affirmative action gave another generation equal opportunities for women and minorities and a place at the table in areas of employment, education and business where they had been historically excluded. We have come far but if we are to continue to move our nation in a direction where our children's children will be able to succeed and compete on a global basis, it is incumbent upon this generation to ensure economic equality. This is an ambitious effort, and a challenging time to undertake it; however the Administration is committed to making Philadelphia a welcoming place for all to work and do business. With this strategic plan, Philadelphia is once again taking the lead, ensuring that this and future generations, no matter their ethnicity or gender, not only have a place, but are actually setting the table.

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