

Minority Enterprise Development

Business As Usual For Minority Contractors

BY JAMES L. POSEY

Every time a city agency, or any other public contracting body, mismanages a contracting bid, it extracts blood from an already anemic minority contracting program.

This issue was raised again several weeks ago in the *Willamette Week* newspaper when the Portland Development Commission rejected Walsh Construction's bid on the Rothchild project.

The incident points out in vivid detail the chaotic nature of how minority contracting programs are run, not only by the City of Portland, but throughout the state. In this case, PDC threw out the low bidder because Walsh did not completely follow administrative procedures in its effort to obtain minority contractor participation.

On the one hand, PDC should be applauded for ensuring that prime contractors correctly apply established affirmative action guidelines. But on the other hand, PDC was short

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sighted in not understanding that regardless of administrative procedure, the rejected contractor has proven to be more capable of building authentic minority business capacity than the one selected.

Disadvantage business programs continue to fail in part because agencies insist on stressing quantity over quality. And as if it's crazy to do business with minorities, they insist on a straight-jacket approach. Clearly,

the biggest barrier to the success of minority contracting programs is the unwillingness of governmental bodies to move beyond meeting artificial goals. It appears as if all parties want

to fill in the squares with the minority numbers just in order to obtain the contract and get the project started. After that, who cares?

This fixation on goals and procedural tyranny reflects PDC's infantile awareness and lack of appreciation for the complexity of minority business issues. And when program owners like PDC fail to apply consistent, well-thought-out policy in concert with other city agencies and

supported by knowledgeable staff and program resources, minority contractors lose. Even in the post-Crosen era, there is no substitute for well-coordinated public policy as an effective method for achieving results.

In spite of the PDC/Rothchild debacle (and fortunately for minority contractors), Mayor Katz seems to be working toward straightening some of this stuff out. Indeed, most observers including the *Willamette Week* should acknowledge that if Mayor Katz has not accomplished one other thing in fulfilling her campaign promise to help minority contractors, she has already accomplished more than all her predecessors combined. It has taken time for her administration to figure out that they are up against formidable forces, including force within her own city bureaucracy, not to mention the private sector, non-minority contracting community.

As illustrated by the Rothchild

issue, PDC has yet to discern real minority participation from the age-old scam of playing the numbers' game. Admittedly Walsh Construction's participation was pitiful. But if only PDC could understand that in the best interest of real minority participation, it may have been better to award Walsh the contract with 6.7% participation rather than awarding it to a contractor who in most folks' opinion has only provided token participation.

Disingenuous prime contractors are notorious for playing the numbers' game. They'll jump through all kinds of affirmative action hoops in order to get the contract on the front end. But as many have testified, more time than not the participating minority contractor suffers on the back end.

If you read the *Willamette Week* article, you know that Walsh Construction failed to show documented

good faith efforts to obtain minority participation. PDC should also understand by now that the good faith effort is only necessary when the contractor has not been able to accomplish the designated goals. Walsh legally met the lowly goal. The whole issue would have been mute if PDC had set reasonable goals in the first place.

This entire experience ought to be an object lesson to teach that it's not so much about goals and numbers as it is about rewarding and challenging prime contractors who have really made efforts, demonstrated by results, to include minority contractors. This is not rocket science stuff. And, we have to wonder how long, Oh Lord, will it take for responsible people to do the right thing?

James Posey is a small business owner with a background in social work and community activism.

SBA Minority Small Business Person Of The Year Named

Mae Wu, President of FEI America, Inc. of Lake Oswego, Oregon has been selected to receive the Small Business Administration's 1994 Minority Small Business Person of the Year Award for the Portland District Office, according to John L. Gilman, SBA District Director.

Each year the SBA honors an outstanding minority business person, whose selection for this award is based on successful business development and community service.

"FEI America, Inc. is an excellent firm whose successful growth and development over the past five years is a result of Ms. Wu's capable management", said Gilman. "This is a classic story of an immigrant to the U.S. achieving success through hard work and a dedication to her employees and customers".

FEI America, Inc. was established in 1989 as a manufacturer and dealer of personal computers and PC related products. Ms. Wu started her business with limited capital and in five years has achieved sales of over \$4 million. In 1993, the firm's sales surged by 80%, necessitating the firm's recent expansion to new facilities in Lake Oswego. The firm employs 11 people and projects 19 employees by the end of the year.

In the past year, the firm has received recognition for their success including the award of the Governor's 1994 Economic Development Award for the State of Oregon, the Portland Chamber of Commerce's 1993 Top Ten Growth Award, and the Portland Federal Executive Board's 1993 Minority Contractor of the Year Award. In addition, the firm was a finalist for the 1994 Northwest Entrepreneur of

the Year Award.

Ms. Wu is actively involved in the Portland Chamber of Commerce, the Oregon Association of Minority Entrepreneurs, and the World Trade Center and the Portland Economic Policy Committee.

Ms Wu will be honored at the Annual Minority Enterprise Development Week Awards Luncheon in Portland on October 11th at the Oregon Convention Center. This event is held annually to recognize the outstanding achievements and contributions of our nation's minority businesses. Tickets for the luncheon can be obtained through Impact Business Consultants, Inc., (503) 245-9253.

Bureaucracy Versus Economic Development

Continued from MED front

prevent, black self-sufficiency. At the time the District of Columbia ban on bootblack stands was adopted, virtually all such stands were operated by blacks. Yet, more than 80 years later, the law lived on.

Mr. Brown challenged the law as racist and unconstitutional under the equal protection clause of the Fourteenth Amendment. In a major legal victory for what the Institute for Justice's Clint Bolick calls "economic liberty," U.S. District Court Judge John Pratt ruled the ban on bootblack stands to be unconstitutional.

While Judge Pratt's ruling in *Brown v. Barry* establishes an important legal precedent, the impact

of the legal victory is diminished by the fact that government has nearly unlimited resources to adopt, enforce and defend its often burdensome regulations. Large corporations can defend themselves against the regulatory onslaught through their influence of the political and regulatory processes. By contract, the citizens and entrepreneurs who hold the greatest promise of empowering the African-American community are least capable of defending themselves against crushing regulations.

All of this ultimately puts government in the awkward position of trying to get people off public assistance programs, while simultaneously constricting economic activity that would allow them to do so.

Davis-Bacon Called Poison To Minorities Government, A Double Edge Sword

Continued from MED front

stalling guardrails and other safety items. Because the projects on which his company worked were financed by the federal government, Mr. Dash was compelled to pay his workers \$19 an hour regardless of experience, and fill out countless forms to comply with the reporting requirements of the act. The combined burden of high labor and administrative costs forced T & S Construction into bankruptcy in 1990.

Other casualties of Davis-Bacon include residents of public housing projects. The Kenilworth-Parkside public housing community in Washington, D.C. was once a haven for drug dealers, criminals and other undesirables who found sanc-

tuary in its deteriorating buildings and grounds. Kenilworth-Parkside began to look much brighter after the residents gained management power of the development and started improving the physical condition of the development as well as the atmosphere.

For Kenilworth-Parkside residents the awarding of an \$18 million renovation grant in the late 1980s was a mixed blessing: While the grant provided the capital to modernize the development, because of Davis-Bacon, not a single construction job was filled by Kenilworth-Parkside residents, many of whom were unskilled and thus could not earn the inflated, union-scale wage. The Kenilworth-Parkside Resident Management Corp., which represents the

development's tenants, has joined in the lawsuit challenging Davis-Bacon.

Government is a double-edged sword for the African-American community. The success of the civil rights movement made government a powerful ally in guaranteeing political enfranchisement and equal opportunity to participate in the political process. Yet, intrusive government regulations, many of which are remnants of the Jim Crow era, continue to constrict the economic development of the African-American community.

(The preceding was by the National Center for Public Policy Research, a non-partisan, not-profit educational organization in Washington, D.C.)

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