

http://www.phillytrib.com/news/new-city-procurement-measure-among-tools-for-rebuild-diversity/article_bfbcb0a7-8a63-5814-a3b4-95be35f16550.html

New city procurement measure among tools for Rebuild diversity

Layla A. Jones Tribune Staff Writer 15 hrs ago



Councilman Bobby Henon

Philadelphia's vote to update city government procurement procedures from selection of the lowest responsible bidder to selection of a contractor exhibiting "best value," came just in time for Rebuild, the city's \$500 million initiative to improve dilapidated parks, recreation centers and libraries.

That's because many observers and policy makers expect the best value measure to help minority firms win contracts. And Rebuild has committed to awarding 25 percent to 30 percent of all professional contracts and 30 percent to 35 percent of all construction contracts to minority firms. There is also a commitment to get between 15 percent to 20 percent of those contracts to women-owned firms.

"When you look at the top 20 cities in the country, they already use best value, which gives a better opportunity for diversity and inclusion regarding the individuals that we contract with," said Councilman Derek Green, one of the bill's five co-sponsors.

Councilman Bobby Henon introduced a package of bills in fall 2016 to change the city procurement process for public works and supplies contracts from lowest responsible bidder to best value. The city was generally required to award contracts based solely on a contractor's proposed cost for the project, with the decision going to the lowest bidder. Best value procurement takes factors other than price into account including past performance and schedule.

"Weighting past performance, including whether a vendor completed a project on-time and on-budget, among other factors like cost, schedule and M/W/DBSE [minority/women/disabled] participation, will ensure that the city is getting the best bang for its buck," Henon said in a statement.

After Council passed the best value legislation, it had to be placed on the ballot because it required a change to the Home Rule Charter. Voters passed the legislation in May.

Mayor Jim Kenney, whose administration worked with Henon on the legislation, emphasized increased minority participation in an op-ed for the Northeast Times just before the election.

“It will allow the city to get the most of every dollar spent, and include more of the local and minority-owned businesses that contribute so much to our regional economy and the hardworking fabric of our city,” he wrote.

Rebuild spokesman David Gould said he didn’t expect the new best value procurement to be applied to many Rebuild projects because the initiative is utilizing a “project user” structure, in which an overseeing organization runs the project site and hires contractors.

“However,” Gould said, “there will be similar expectations for contractors working on Rebuild as there will be for best value contracts—like prioritization of diversity and participation—so we expect to coordinate closely with the [Chief Administrative Officer] to share lessons learned during the implementation of both best value and Rebuild.”

Former deputy managing director Jay McCalla, though, is an opponent of best value and feels the new method opens the door for corruption and will attract lobbyists and politicians to the generally objective procurement process.

“A lot of Rebuild contracts are coming up, and I also believe this was done in anticipation of Rebuild,” McCalla said. “Why spend all that money fairly when you can steer it to your pals, if that was in the minds of these people? I’m not a mind reader, but I am aware of the potential,” he added.

In addition, he said, “I think it’s going to play out to the detriment of minority firms.”

It doesn’t help minorities because qualified minorities deal with the city all the time,” McCalla said. “So if it doesn’t help minorities, if it doesn’t improve the product, what does it in fact do?”

Green said the city’s longstanding lowest responsible bidder system didn’t provide more opportunity for businesses of color and that best value allows the city to evaluate whether businesses award subcontracts to minority firms, and whether they actually utilize those minority firms.

Pat Christmas, policy program manager for the Committee of Seventy, said Philadelphia’s decision to enact best value aligns the city with many other government jurisdictions around the country who already use best value to award contracts. Christmas also expressed confidence in the checks set in place to keep procurement pure.

“Philadelphia as everyone knows for many years has had kind of a transactional political culture, and a lot of that has revolved around city contracts for decades and decades,” Christmas said.

The good news, though, are pay-to-play laws enacted in the early 2000s, and the ethics board, which Christmas called, “a terrific new edition,” to local politics.

“Folks to be on committee to award contracts have to be on the committee for a reason and have to sign a conflict of interest and disclosure form that the ethics board and chief integrity board worked on,” Christmas said. “It seems clear that there is enough insulation from politics and from outside influence.”

ljones@phillytrib.com 215-893-5745