

New commission to make rules for minority firm contracts

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By Timothy McNulty
Post-Gazette Staff Writer

The city is poised to create a new commission to oversee public contracting to minority and women-owned businesses.

Under a measure preliminarily approved by Pittsburgh City Council, the commission will adopt new minority business enterprise (MBE) and women business enterprise (WBE) standards consistent with the "Pittsburgh Works" referendum approved by voters in November 1999.

That legislation, sponsored by Councilman Sala Udin, required 35 percent city residents to be hired for city projects costing \$200,000 or more, and 25 percent minorities and 10 percent women.

Besides overseeing those employment rules, the commission will be directed to prohibit "pass-throughs" in public contracting, in which companies run by white men enlist the services of minority- and women-owned firms in name only, in order to meet the percentage goals for their partici-

pation.

In those deals, the work is "passed through" the MBE/WBE firm to another subcontractor, usually one owned by white men. A small payment is made to the MBE/WBE firm, but reports are doctored to show that it performed the entire value of the subcontract.

The commission will also be directed to adopt new rules on the MBE/WBE credit given to suppliers and brokers, who often have the bulk of their work performed by subcontractors owned by white men. Instead of being fully credited for the work, the new rules would count only the brokers fee the minority- or women-run firm actually earns for the contract.

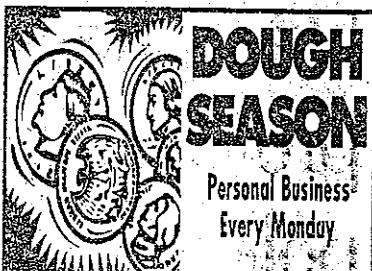
A recent investigation by the Pittsburgh Post-Gazette found problems with pass-throughs and suppliers on the \$1 billion stadium and convention center construction projects.

Minority firms actually got 9.5 percent of the \$567 million in "Plan B" contracts that were awarded through the end of Janu-

ary and firms owned by women received 5 percent, the newspaper found. That means the Sports & Exhibition Authority is on track to direct less than half of the \$350 million promised value of contracts to firms owned by women and minorities.

The authority adopted new contracting standards in September to more closely calculate supplier credits, and that pushed the proportion of business going to minority- and women-owned businesses even lower.

Council's preliminary vote on the commission was 7-0 with Alan Hertzberg and Bob O'Connor absent. A final vote is set for Tuesday.



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