

## Who Gets to Rebuild New Orleans?

### **Given Past Cronyism and Opacity in Contracting, Local Businesses Push to Win Deals to Rebuild New Orleans**

By [Jesse Zwick](#) 8/31/10 4:30 AM

*This week, The Washington Independent is featuring a series of investigative stories on the rebuilding of New Orleans, five years after Hurricane Katrina. Find all of them [here](#).*

Two weeks before the fifth anniversary of Hurricane Katrina, New Orleans' mayor, Mitch Landrieu (D), just three months into his tenure, made a major announcement. A hundred recovery projects, from libraries to fire stations to parks, were ready to go after years of red tape and implementation scandals.

“I can say this with certainty: that these 100 projects are a priority in somebody's mind in the city, that they are 100 percent funded, that they are part of the city's long-term master plan and will be built, or are in the process of being built,” Landrieu [told](#) The Times-Picayune. “Some of them are further along than others. But you can take these to the bank.”

In a city that has long suffered from halting and ineffective efforts to contract municipal recovery funds, the news came as a welcome relief. It stoked [hopes](#) that Landrieu's administration would offer a clean break from Mayor Ray Nagin's (D) fraught eight-year tenure. “I think this city is ready to soar,” declared City Council President Arnie Fielkow.

But as the mayor gets ready to cut ribbons and break ground, a number of local labor and anti-discrimination groups are voicing worries that the new projects will not benefit the city's local businesses. Their concerns center around the city's Disadvantaged Business Enterprise (DBE) program, intended to make good-faith efforts to help local, women, and minority-owned firms secure city contracts. Wary due to rampant cronyism and corruption in the past, leaving local companies adrift, the NAACP and other groups are seizing on Landrieu's announcement. For them, turning around the DBE will be the litmus test for success.

Even before Hurricane Katrina wreaked havoc on New Orleans, activists and businesses charged that the city had an opaque and cronyism-ridden system for awarding building and contracting deals — a major hurdle for local firms. The Bureau of Governmental Research, a private, independent research organization released a [major report](#) entitled “Contracting with Confidence” to call attention to the matter and make recommendations in March.

“An \$81 million energy efficiency contract saddled the city with two decades of excessive payments and resulted in the convictions of an administration official, political supporters, and contractors who skimmed money from the deal,” the report said in its lengthy summary of recent examples of political patronage. “A contract for home monitoring of municipal offenders went to a politically connected firm that

possessed no experience providing the service and that scored lowest on the city's evaluation of proposals. The public paid 60 percent more to install and manage electronic parking meters than it would have had the city contracted with the firm that scored highest in the city's own evaluation. A post-Katrina car removal contract went to the most expensive of 14 bidders through an evaluation process that did not account for the cost of services. The list goes on."

Former Mayor Ray Nagin was [implicated](#) in the political patronage system as well after revelations that his family vacationed in Hawaii and Jamaica due to the largess of Mark St. Pierre, who held numerous city technology contracts. Later, St. Pierre was indicted, along with Greg Meffert, Nagin's chief technology officer, on 63 federal counts of bribery, money laundering, tax evasion and other crimes.

In the wake of the hurricane, when federal recovery money began pouring in and outside firms often secured work for complicated projects, rather than local businesses, the city's opaque methods and history of corruption ginned up anger and outrage from an underemployed citizenry. Particularly troubling in the eyes of local business owners, particularly black business owners, was the persistent sense that the city was allowing the money to be funneled to out-of-state contractors who made little effort to hire local businesses.

"We're dealing with local contractors on a daily basis and they're not getting the work," argues Barry Kaufman, secretary treasurer of the Construction and General Laborers Union Local 689. "There are more out-of-state contractors in here than holes in cheese. Local contractors are being low bid by out-of-state contractors. It's a shame how [Nagin] let that happen."

When, in February 2009, the New Orleans City Council passed an ordinance that required Nagin's closed-door review panels to meet in public, the mayor vetoed the bill and later issued an order that scrapped the evaluation panels altogether. That process, or the lack thereof, remained in place until Landrieu assumed office in May and made contracts reform a signature priority of his administration.

In addition to restoring transparency and expertise to city contracting, Landrieu's administration also tried reaching out to disillusioned local groups. The mayor set up a "provisional certification program," which allowed businesses certified as "disadvantaged" by state and other agencies to compete for city contracts alongside City Hall's previous designees. He also created an Office of Supplier Diversity, tasked with enforcing city ordinances and implementing programs like DBE.

These new programs and agencies, however, have yet to perform up to expectations. A [report](#) on DBE released by the city's Office of the Inspector General in early August made a number of damning observations about its effectiveness, including, "(1) that the personnel responsible for implementing this program did not have a clear understanding of the applicable legal standards; (2) that the certification procedure implemented did not have written rules or comply with open meeting laws; and, (3) that the responsible office lacks sufficient staff and funding to carry out its intended functions."

The Inspector General's observations, the report noted, reflected more on the failings of the DBE program over the years than any of Landrieu's specific efforts, but they also highlighted that, thus far, progress has been substandard. Groups like the NAACP seized upon the report, voicing fears that the administration is faltering on its promise to help New Orleans-based and minority-owned businesses secure contracts on new recovery projects.

"We have requested documentation from the city on previous contracts, but our focus right now is not what has happened in the past but on

the one hundred projects just announced by Landrieu,” explains local NAACP chapter president Danatus King. “That’s a billion dollars worth of projects that the mayor publicized in the media last week. No matter what happened in the past, we want to make sure the law is enforced with respect to that.”

In order to keep tabs on all the contracts, King and other leaders have demanded that the city gather records for all its contracts — and all the required documentation contractors are required to submit for them — in publicly accessible folders that volunteers can access and use to monitor for compliance. “If the city doesn’t have the manpower to do it,” King explains, “we’re asking for citizens to get involved.”

Neither the city nor activists possess data on whether New Orleans is complying with an ordinance requiring that half of public spending go to locally owned companies and 35 percent to “socially and economically disadvantaged businesses.” It is not even clear which businesses qualify as “socially and economically disadvantaged.” While the ordinances originally included race- and gender-based criteria, the Supreme Court has since declared such rules to be unconstitutional. As a result, the city has tinkered with its certification process over the years but has yet to come up with firm criteria.

And while the DBE participation goals are “aspirational” in nature, the paperwork required to demonstrate a good faith effort in achieving them is not. Despite this fact, the Inspector General’s office noted that the current panel that approves companies for the city’s DBE program holds monthly meetings that are not advertised and are not open to the public — nor is there an adequate avenue of appeal if a business’s application is rejected. Moreover, the city’s Office of Supplier Diversity currently has only one employee, who has no time sufficiently monitor or enforce compliance on the part of contractors with the DBE program’s participation goals.

The mayor’s office announced earlier this year that it would undertake a “disparity study” to begin putting numbers on the debate. (The office declined to speak to TWI about the issue.) In the meantime, businesses, unions and activists remain unconvinced. “I can tell you at the Langston Hughes school right over by the race track,” notes Kaufman, of the Construction and General Laborers Union Local 689. “This contractor from Biloxi, Miss., built that school. You’re telling me, with all the local contractors in New Orleans, we can’t built a school?”

“I think there’s one person in the office [of Supplier Diversity], but that’s no excuse,” he notes. “I think they’ve been doing this for years and years, and I think it’s business as usual. I hope it changes. We’re going to give Landrieu an opportunity to prove us wrong.”

**CATEGORIES AND TAGS:** [Economy](#), [Contracting](#), [contractors](#), [contractors new orleans](#), [contracts new orleans](#), [Disadvantaged Business Enterprise](#), [hurricane](#), [hurricane katrina](#), [Katrina Anniversary](#), [louisiana](#), [mitch landrieu](#), [new orleans](#), [rebuilding new orleans](#), [red tape](#), [roy nagin](#)