

Headline: READY-MIX DBE

SubHead: Carlo Ditta Inc. is large, well known and successful. But since it's on local lists of certified DBEs, many contractors turn to it to meet their own quotas. Left out of the mix are smaller competitors.

Byline: By Jeffrey Meitrodt Staff writer

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Text: When Carlo J. Ditta died in 1962, he left behind a wife, four children and a ready-mix concrete company that quickly became one of the most dominant players in the local construction market.

Oddly, Carlo Ditta Inc. also happens to be one of the biggest beneficiaries of local programs aimed at helping small, struggling businesses obtain enough public work to get on their feet.

In the past decade, the Harvey company has received subcontracts worth almost \$9.6 million that were designated for disadvantaged business enterprises, more than almost every other company that has participated in the programs, records show. That work came even though Carlo Ditta has been too big to qualify for the programs since at least 1987, according to rules that restrict participation to companies that meet revenue limits.

Officials at Carlo Ditta readily acknowledge that the company cannot pass any sort of "needs" test. In an interview before he died last year, J. Carlo Ditta, the company's executive vice president and Carlo J. Ditta's son, said the only reason the company sought disadvantaged status was because his mother is the firm's majority owner. Most local programs consider a woman-owned business to be "presumptively disadvantaged."

"We're a female minority," said Ditta, former chairman of the Regional Transit Authority. "We never said we were underprivileged."

### Concrete plans

Unlike most DBEs, which have been in business a median of four years when they enter these programs, the history of Carlo Ditta Inc. goes back to the 1930s, when Carlo J. Ditta was working as a truck farmer on the West Bank.

"He didn't want to be a farmer for the rest of his life, so he bought a dump truck," said grandson Joseph Ditta II, marketing manager for the family-held firm. "And he hauled anything he could haul."

In 1934, Ditta started his company in the back yard of his Harvey home. He sold sand, gravel and bags of cement. He bought his first concrete mixer in 1941 and built his first

concrete plant in 1942. Business boomed after World War II, with new roads and bridges springing up to handle the demands of suburban sprawl.

When Ditta died in 1962, control of the company passed to his wife, Felicia Ditta, a white woman who had been working with her husband since 1934. With her four children by her side, Felicia Ditta built the company into the second-largest ready-mix firm in the metropolitan area, supplying concrete for everything from the Crescent City Connection to the Aquarium of the Americas.

Though her children now run the day-to-day operations of the company, family members said Felicia Ditta still keeps a hand in the business, signing checks and taking care of other banking matters.

Felicia Ditta, who owns 60 percent of the company, declined requests for comment, but in a 1987 interview, she explained her business philosophy.

"I define success as hard work," she told The Times-Picayune. "I decided early in life that being poor wasn't for me, and I made a goal for myself and pushed hard and worked to accomplish it."

Too big to benefit

Thanks to the success of Carlo Ditta Inc., the family makes a good living, records show. In 1995, the five family members who own the company split more than \$500,000 in executive compensation, with \$193,802 going to Felicia Ditta, the company's president and majority owner, and \$206,903 going to her son, J. Carlo Ditta. Two family members were paid \$26,000 each for doing no work at all, according to the firm's application with the city.

Since 1987, when the company first sought disadvantaged business status, its annual revenue has grown from \$8.6 million to \$14 million, records show. That should have triggered rejection from all but one of the seven local agencies that run DBE programs, because those agencies limit participation to ready-mix companies whose revenue is below \$7 million. That limit, which is set by the U.S. Small Business Administration, was raised to \$11.5 million in 2000.

Officials at the Orleans Levee Board, one of the local agencies that certified Carlo Ditta as a disadvantaged business enterprise, admit they made a mistake. Nina Hebert-Marchand, who runs the agency's DBE program, said federal officials contacted her in 1998 to make sure she knew Carlo Ditta shouldn't be in the program. But the company wasn't taken off the list until late last year, after a Times-Picayune reporter asked about the company's status with the agency.

Hebert-Marchand, whose agency has never denied DBE certification to anyone, said the lapses show she needs to be more careful in how she evaluates applications and oversees the certification process.

"If I had to do it all over again, I would do it totally differently," Hebert-Marchand said.

Still in the game

Some agencies caught the slip much earlier. In 1991, the Sewerage & Water Board of New Orleans -- which approved Carlo Ditta's application in the late 1980s -- rejected the company upon discovering that it exceeded revenue limitations for participation in the agency's DBE program.

In 1997, the company was again rejected, this time by a panel of experts who handle certification duties for the water board and one of two programs sponsored by the New Orleans Aviation Board. The panel made the move when it found "no evidence of personal economic disadvantage."

Despite that, the company remains certified for the airport's oldest DBE program, which involves federal funding. In the past 12 years, Carlo Ditta has collected at least \$4.5 million as a DBE subcontractor on federally funded airport projects. Airport officials said they haven't applied the revenue limit to Carlo Ditta because they consider the company a manufacturer, which under federal rules is subject only to a size cap of 500 employees.

But Gary Jackson, assistant administrator for size standards at the Small Business Administration, said the manufacturing cap applies only to companies that produce bagged cement for other firms, not ready-mix companies such as Carlo Ditta that actually pour concrete at construction sites.

Carlo Ditta also remains certified by the city of New Orleans, which at the direction of Mayor Marc Morial removed all revenue limitations from its disadvantaged business program in 1995.

Though Morial said he opposes such limits because he believes they unfairly penalize success, he said, "I'm not going to defend Carlo Ditta."

Is that your final answer

Carlo Ditta failed to disclose the water board's 1991 rejection to three other agencies, records show. On DBE applications filed between 1993 and 1995, the company was asked whether it ever had been denied certification. It left the space blank.

"Anything we filed, if it was incorrect, it was not intentional," J. Carlo Ditta said. "There was no intent to mislead anyone."

Carlo Ditta isn't the only company that failed to disclose a certification denial. At least 11 other companies also omitted such information on their applications, records show. Some of those business owners left the questions blank, while others denied being rejected.

False responses are automatic grounds for rejection by most agencies, but program administrators said they wouldn't have automatically rejected the applicants even if they had answered the question truthfully. Instead, they said, they would have made their own determination of the companies' status.

"It's a red flag. It gives us another added thing to look at," said DBE consultant Cheryl Jackson, who represents the New Orleans Aviation Board.

Out of the picture

Some of the prime contractors that used Carlo Ditta agree that the company shouldn't have qualified, but they're glad the agencies kept the company in the program as long as they did. They said they need companies like Carlo Ditta to help meet the DBE subcontracting goals on construction projects, which can run as high as 35 percent. On some jobs, Carlo Ditta received more money than all the other DBEs combined, records show.

"Carlo Ditta is a competent, well-established company. They would get lots of work whether they were in the DBE program or not," said Larry Gibbs, president of Gibbs Construction.

Eugene Grimaldi, president of Grimaldi Construction, agreed: "Carlo Ditta is a name you trust immediately, because they've been in business probably 50 years."

The problem, Gibbs said, is finding someone to replace a company like Carlo Ditta.

"It's a Catch-22," Gibbs said. "If you start decertifying some of these people, who is going to fill the vacuum Who do you know who has \$7 million to \$8 million to start a new concrete plant . . . I don't know how you can have a concrete company and be disadvantaged."

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Caption: A worker with Carlo Ditta Inc. pours concrete at a construction site at Iberville and Dorgenois streets.

Carlo Ditta Inc. Executive Vice President J. Carlo Ditta, left, said before his death last fall that the company, a woman-owned business, isn't underprivileged. His mother, above, family matriarch Felicia Ditta, took over the company after her husband's death in 1962.

Carlo Ditta's trademark orange and red concrete mixers maneuver through the yard of Ditta's sprawling West Bank facility. The company has grown from a modest start in the

1930s to become one of New Orleans' most successful firms, with annual revenue of about \$14 million.[COLOR]

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