

## SUMMARY REPORT — Executive Summary

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The City of Tacoma seeks to ensure equitable opportunities for minority- and woman-owned businesses competing for its construction, professional services, goods and other services contracts.

Keen Independent Research LLC (Keen Independent) conducted this disparity study to analyze whether there are disparities in the utilization of minority- and woman-owned businesses (MBE/WBEs) in City of Tacoma contracts and subcontracts.

### Utilization, Availability and Disparity Analyses

Keen Independent examined the City's non-federally funded contracts and subcontracts awarded from January 2017 through December 2022.

**MBE/WBE utilization.** About 11 percent of City contract dollars went to MBE/WBEs.

**MBE/WBE availability.** The City spends most of its procurement dollars with businesses in the Western Washington region.<sup>1</sup> Keen Independent analyzed the availability of MBE/WBEs and other firms to perform City contracts and subcontracts based on a survey of companies in Western Washington. MBE/WBEs were 29 percent of firms indicating qualifications and interest in City contracts and subcontracts.

There was not equal availability of MBE/WBEs for each type and size of City contract. Through a contract-by-contract analysis of firms available to perform specific types and sizes of City contracts and subcontracts, Keen Independent determined that 21 percent of City dollars might go to MBE/WBEs if there were a level playing field for those companies.

**Disparity analysis.** MBE/WBE utilization in City contracts (11%) was less than expected based on the availability analysis (21%). There were substantial disparities for African American-, Asian American- and Hispanic American-owned firms and a large disparity for white woman-owned firms on City contracts. There was no disparity for Native American-owned firms on the City's contracts overall.

In 2020, the City established the Equity in Contracting (EIC) Program to remedy previously observed disparities in utilization of MBE/WBEs in City contracts. As part of the remedial EIC Program, the City sets MBE, WBE and SBE goals (the City's language states "requirements") on City construction contracts. Prior to the EIC Program, the City operated a race- and gender-neutral Small Business Enterprise (SBE) Program to promote participation of SBEs on City contracts. Keen Independent analyzed results of the SBE Program for contracts for 2017–2020.

- When applied to City construction contracts, the EIC Program increased MBE/WBE utilization to about 15 percent, close to the availability benchmark for those contracts. The Program reduced disparities for African American- and Asian American-owned businesses and eliminated disparities for Hispanic American- and white woman-owned businesses.
- Keen Independent examined contracts (a) before the EIC Program and (b) after 2020 where the Program did not apply. There were disparities between MBE/WBE utilization and availability for both sets of contracts. Keen Independent also determined that the SBE Program did not appear to be effective in remedying disparities in MBE/WBE participation.

Thurston County, Mason County and Kitsap County in Washington. For the goods industry, the Western Washington area also included Cowlitz County.

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<sup>1</sup> For construction, professional services and other services industries, the Western Washington area included Snohomish County, King County, Pierce County, Lewis County,

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## Conclusions

Keen Independent conclusions include:

- But for introduction of the remedial EIC Program in 2020, there is strong evidence that disparities in utilization of MBE/WBEs in City construction contracts would have continued. There appears to be a continued need for the EIC Program for these contracts.
- Continued disparities for African American- and Asian American-owned firms on contracts with EIC Program application indicate a need for further program development.
- The pattern of disparities for City contracts without the EIC Program indicates a need for the City to expand this program to additional types of City contracts and to add additional tools to this program.

This report contains much more information concerning results of the disparity analyses. Keen Independent performed disparity analyses for each MBE/WBE group by industry, role and application of City's contract equity programs. There was a pattern of substantial disparities for many MBE/WBE groups for construction (without the EIC Program), professional services, goods and other services procurements, prime contracts and subcontracts.

Keen Independent also examined quantitative and qualitative information about marketplace conditions. The City should review all of the results in the disparity study to evaluate the continued need to level the playing field for minority- and woman-owned businesses and other disadvantaged businesses to compete for its contracts and subcontracts.

## Remedial Actions for City of Tacoma Consideration

In the final pages of the Summary Report, Keen Independent discusses additional remedial actions for City of Tacoma consideration. The City of Tacoma might consider the following:

1. Refine overall aspirational MBE/WBE goals.
2. Continue contract goals and expand to professional services (incorporating a rigorous good faith efforts review process).
3. Implement SBE evaluation and price preferences.
4. Further develop a small contracts program.
5. Perform additional outreach and relationship-building.
6. Participate in MBE/WBE/SBE capacity-building.
7. Consider other steps to encourage small business utilization.
8. Allocate sufficient resources for program success.