



TO: Elizabeth Pauli, City Manager
FROM: Carol Wolfe, Division Manager, Community and Economic Development
Jeff Robinson, Director, Community and Economic Development
COPY: City Council; Tadd Willie, Deputy City Manager
SUBJECT: Proposed Revisions to TMC 1.07 Equity In Contracting - May 25, 2021
DATE: May 10, 2021

SUMMARY AND PURPOSE:

Staff requests an update to TMC 1.07, Equity in Contracting, based upon lessons learned during the inaugural year of implementing the Equity in Contracting (EIC) Program. The main changes fall under the following categories:

- Language Simplification – Replacing the terms Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), Minority and Women’s Business Enterprises (MWBEs), Small Business Enterprises (SBEs), and Disadvantaged Business Enterprises (DBEs) with the term Certified Business to refer to an entity that has been certified as a DBE, an SBE, an MBE, a WBE or an MWBE by the Washington State Office of Minority and Women’s Business Enterprise and approved by the EIC Program.
- Waiver Process Clarification – Differentiates between an “Exception” to the imposition of EIC program requirements to a contract in certain circumstances, such as sole source or emergency contracts or if the EIC Program manager documents an insufficient number of qualified contractors and a “Waiver” of the program requirements after the bids have been received but prior to a contract award. Approval of waivers is transferred from the existing process of review C&A Board (with opportunity for appeal to the Council or Utility Board) to the exclusive determination of the City Manager or Director of Utilities
- General clean-ups to replace outdated language from the former SBE Program.

BACKGROUND:

In 1998, the City of Tacoma created the Small Business Enterprise (SBE) Program as a response to the State of Washington’s Initiative-200 policy. The SBE program was a race and gender-neutral attempt to increase the volume of subcontracts for all small businesses. In 2018, the City’s consultant, Griffin & Strong completed a Disparity Study of contracts let by the City of Tacoma from 2012 – 2016. That study found statistically significant disparities between the available and utilized quantity of Minority Owned Businesses (MBEs) and Women Owned Businesses (WBEs). The City of Tacoma responded to the findings by creating a task force comprised of Community Members, Contractors, and Organized Labor. The task force recommended implementing suggestions from the Disparity Study, including a new program that addresses Minority & Women Owned Businesses (MWBEs) specifically.

In late 2019, with Ordinance 28625, the City approved the EIC Program, which replaced the SBE Program, as Chapter 1.07 of the municipal code. The program began implementing new requirements on construction contracts in early 2020. At the time of adoption of the EIC Program staff advised of the likelihood of a need for future changes based on experience with the Program implementation.

This Department’s Recommendation is Based On:

- Experience from initial year of EIC Program Implementation
- Recommendation from City Attorney’s Office, Procurement and Payables, and EIC Program Staff



COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The proposed revisions are based on the experience of the EIC Program’s customers, which are external contractors and the departments upon which EIC requirements are placed, and on the experience of City departments charged with implementation. The revisions were vetted internally with stakeholders across several departments, including the members of the C&A Board.

2025 STRATEGIC PRIORITIES:

Economy/Workforce: *Equity Index Score:* Very High Opportunity

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Increase the number of Tacoma households that have livable wage jobs within proximity to the city.

Education: *Equity Index Score:* Very Low Opportunity

Civic Engagement: *Equity Index Score:* High Opportunity

Increase the percentage of residents who believe they can have a positive impact on the community and express trust in the public institutions in Tacoma.

Livability: *Equity Index Score:* Very High Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Explain how your legislation will affect the selected indicator(s).

The program increases access to contracting opportunities for MBEs, WBEs, SBEs, and Disadvantaged Business Enterprises (DBEs).

ALTERNATIVES:

| Alternative(s) | Positive Impact(s) | Negative Impact(s) |
|-----------------------|--|---|
| 1. Do nothing | N/A | - Less clarity of waiver process - More verbose TMC chapter |
| 2. Adopt as presented | - Less verbose TMC chapter - Streamlined waiver process - More clarity around waiver process | - Outreach necessary to inform contracting community of changes |

STAFF/SPONSOR RECOMMENDATION:

Staff recommends that Council approves the EIC ordinance revisions as proposed.

FISCAL IMPACT:

There is no new fiscal impact. The program will continue at the current rate.



City of Tacoma

City Council Action Memorandum

ATTACHMENTS:

N/A