



City of Tacoma

City Council Action Memorandum

**TO:** Elizabeth Pauli, City Manager  
**FROM:** Kacee Woods, Program Manager, Community and Economic Development  
Jeff Robinson, Director, Community and Economic Development  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Ordinance to Amend Title 1.07 for Equity in Contracting Code – First Reading  
December 19, 2023  
**DATE:** December 5, 2023

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### **SUMMARY AND PURPOSE:**

The Community and Economic Development Department is requesting approval of the proposed amendments of Tacoma Municipal Code Chapter 1.07, relating to Equity in Contracting, to replace outdated elements of the former Small Business Enterprise (SBE) Program, and clarify expectations around review of the program.

### **BACKGROUND:**

#### **This Department's Recommendation is Based On:**

- Experience from Equity in Contracting Program Implementation
- Recommendation from City Attorney's Office, Finance Procurement and Payables Division, Equity in Contracting Advisory Committee, Internal Stakeholders, and EIC Program Staff

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 (MWBs) specifically.

In late 2019, with Ordinance 28625, the City approved the Equity in Contracting Program, which replaced the SBE Program, as Chapter 1.07 of the Tacoma Municipal Code. The program began implementing new requirements on public work and improvement projects in early 2020. At the time of adoption of the Equity in Contracting Program, staff advised of the likelihood of a need for future changes based on experience with program implementation.

### **COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The proposed revisions are based on the experience of the Equity in Contracting Program's customers, which include external contractors, the departments upon which Equity in Contracting requirements are placed, as well as the experience of City departments charged with implementation. The revisions were vetted internally with stakeholders across several departments, including Legal, Finance Procurement and Payables Division, Public Works, Environmental Services, Tacoma Water, and others. Externally, revisions were vetted with the Council appointed members of the Equity in Contracting Advisory Committee, as well as stakeholders from the Tacoma Anchor Network, including Tacoma Public Schools and Metro Parks.



**2025 STRATEGIC PRIORITIES:**

These changes are part of the process to create more equitable contracting opportunities in Tacoma. It will also support contract compliance in City wide contracting, and not just in certain areas. In addition, the changes will ensure local employment practices are being adhered to, creating more job opportunity for those living in Tacoma

**Equity and Accessibility:**

Please state how this legislation will reduce racial and other inequities, disparities, or discrimination to under-represented communities. Please state what positive impacts on equity, equality, diversity or inclusion, if any, would result from enacting this legislation.

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

Increase positive public perception related to the Tacoma economy.

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

**Civic Engagement:** *Equity Index Score:* High Opportunity

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

**Livability:** *Equity Index Score:* 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 Equity in Contracting Program increases access to contracting opportunities for Minority Business Enterprises (MBEs), Women’s Business Enterprises (WBEs), Small Business Enterprises (SBEs), and Disadvantaged Business Enterprises (DBEs).

**ALTERNATIVES:**

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1.Do nothing	N/A	Lack of clarity with reference to outdated elements of program
2.Adopt as presented	Increased clarity on expectations around review and sustainability of the program	N/A

**EVALUATION AND FOLLOW UP:**

- Equity in Contracting Program Staff will provide annual reporting to the City Council and Tacoma Public Utilities Board on utilization of MBEs, WBEs, SBEs, and DBEs on the City’s public work and improvement projects.
- Equity in Contracting Program Staff will review results of the current Disparity Study, and understand and implement recommended remedies as deemed appropriate.



**City of Tacoma**

**City Council Action Memorandum**

- Equity in Contracting Program Staff will periodically review the program to assess overall program effectiveness.
- Equity in Contracting Program Staff will continue to engage with internal and external stakeholders, as well as the Equity in Contracting Advisory Committee for feedback on overall program effectiveness.

**STAFF/SPONSOR RECOMMENDATION:**

Staff recommends Council approval of the proposed revisions to TMC 1.07. Next steps include formal adoption of Equity in Contracting Program Regulations, approved by the Community and Economic Development Director.

**FISCAL IMPACT:**

There is no fiscal impact.

**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**

YES

**Are there financial costs or other impacts of not implementing the legislation?**

NO

**Will the legislation have an ongoing/recurring fiscal impact?**

NO

**Will the legislation change the City's FTE/personnel counts?**

NO

**ATTACHMENTS:**

- Exhibit A - TMC 1.07