

# City of Tacoma 2024 Economic Disparity Study

(Draft)



**Presented by:**

David Keen, Principal  
Janine Kyritsis, Chief Listening Officer  
Blanca Monter, Senior Consultant  
Manuel Perez, Consultant

**Keen Independent Research LLC**

100 Fillmore St., 5th Floor  
Denver CO 80206

2929 E Camelback Rd., Suite 115  
Phoenix AZ 85016

303-385-8515  
303-522-7269 (mobile)

[www.keenindependent.com](http://www.keenindependent.com)

September 17, 2024, City Council Meeting



## Presentation overview



Study team

Study methodology

Study results

Recommendations



## Study team — Keen Independent Research



- National 26-person economic consulting firm
- Diverse staff combine strong quantitative and qualitative skills
- Substantial experience performing disparity studies, and designing and defending programs
- Expert witness experience
- Strongest disparity study methodology in practice today
- Keen methodology reviewed and approved by Ninth Circuit, USDOT and USDOJ (in *AGC, San Diego v. Caltrans*)
- Study team has completed 200+ related studies



## Study team — Subconsultant team



Rosales Law Partners LLP

### Rosales Law Partners LLP

- Mara Rosales, Managing Partner
- Extensive experience in the DBE and disparity study field
- More than two decades of experience with business participation programs
- Previous experience performing legal analyses for the 2021 City of Tacoma Workforce Equity Study and other Keen Independent studies
- DBE certified



  
DONALDSON CONSULTING, LLC

### Donaldson Consulting

- Suzanne Donaldson, CEO
- Over 20 years of experience
- Extensive experience for Washington state organizations
- Previous experience working on Keen Independent led studies
- M/W/DBE-certified in Washington



  
CUSTOMER RESEARCH INTERNATIONAL  
The science of market research. All the answers.

### Customer Research International

- Sanjay Vrudhula, President
- National, minority-owned telephone survey research firm
- Worked with David Keen on studies for nearly 20 years
- Has Keen-trained survey staff
- DBE certified

## Study methodology — Key study elements



1989 U.S. Supreme Court decision in *City of Richmond v. J.A. Croson Co.*

Applied **strict scrutiny standard**

- Compelling governmental interest
- Narrow tailoring

### Key disparity study elements

- Explicitly define geographic market area and subindustries
- Compare utilization of firms to benchmarks of firms ready, willing and able to perform City of Tacoma contracts
- Examine evidence relevant to marketplace discrimination
- Use multiple techniques to collect anecdotal information
- Identify barriers and describe any harm to individuals who may have been affected, examine whether any exclusion is systemic
- Include legal overview
- Ensure numerical disparities determined by relevant and comprehensive data

KEEN  
INDEPENDENT  
RESEARCH

## Study methodology — Contract data

Analyzed about 3,200 contract elements

- Prime contracts (1,527) and subcontracts (1,637)
- Awarded FY2017–2022  
(Jan. 1, 2017, through Dec. 31, 2022)

For each contractor/subcontractor, determined:

- Business owner race, ethnicity, gender, size
- Type of work performed
- Firm location

KEEN  
INDEPENDENT  
RESEARCH

# Study methodology — Geographic area for availability survey



Surveyed thousands of Western Washington area firms to:

- Identify interested, qualified businesses
- Determine capabilities, bid capacity
- Collect ownership information, marketplace experiences
- 1,319 firms in final availability database

Contract-by-contract dollar-weighted availability

- Controls for size of contract, type of work, bid capacity, contractor role (prime or sub), year in business
- Provides apples-to-apples comparison with utilization



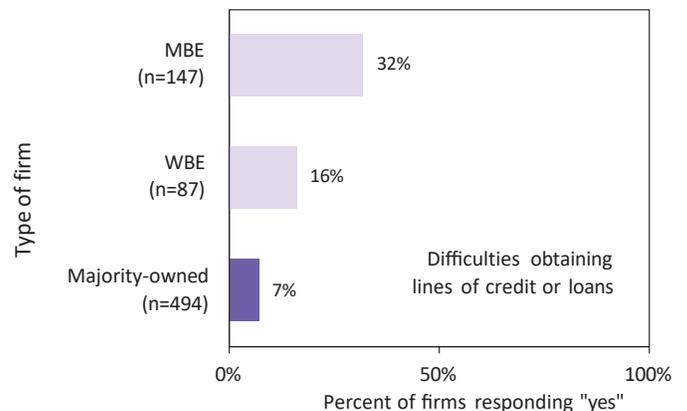
# Marketplace analysis — Qualitative information

In-depth interviews, focus groups and other information from 325 business owners and others

Evidence of barriers for MBE/WBEs

- Access to capital and bonding
- “Good ol’ boy” and other closed networks
- Negative stereotypes and double standards
- Issues with prompt payment

Responses to availability survey question concerning loans



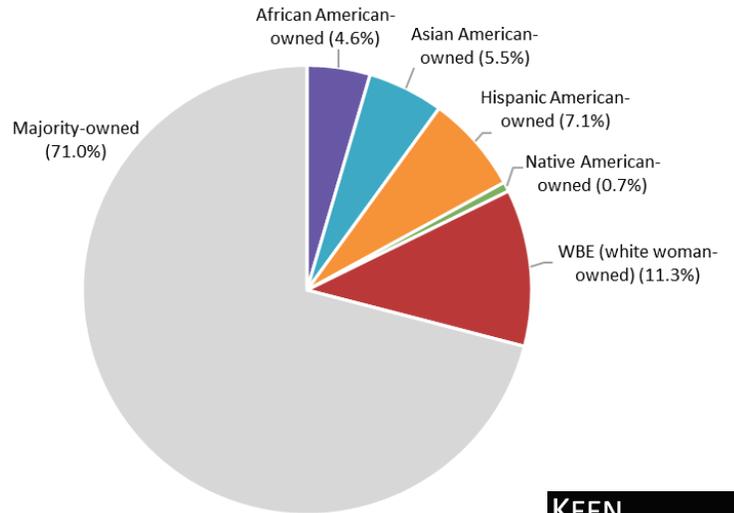
Source: Keen Independent Research from 2024 availability surveys.



# Availability analyses — Headcount availability

## Ready, willing and able firms

- Interested in working with the City
- Located in Western Washington
- For-profit businesses
- Perform work relevant to City purchases



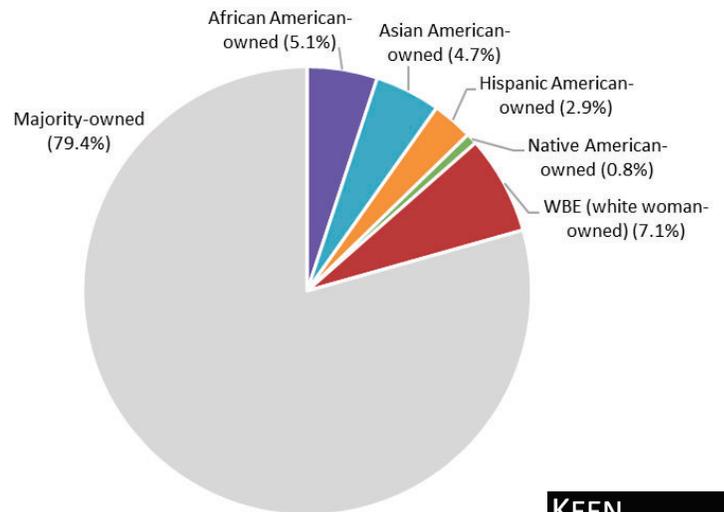
# Availability analysis — Weighted availability

## Contract-by-contract analysis

### Controls for:

- Contract element size
- Type of work
- Role (prime or sub)
- Year awarded

All City contracts/subcontracts (2017–2022)



## Utilization analysis — Overall

### Firm ownership determined using:

- Local certification directories
- Availability survey responses
- Small Business Administration
- Paycheck Protection Program
- Dun & Bradstreet
- Firm website content and other information

### All City procurements (2017–2022)

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
African American-owned	109	\$ 7,754	0.99 %
Asian American-owned	93	17,520	2.23
Hispanic American-owned	83	9,150	1.17
Native American-owned	<u>39</u>	<u>9,614</u>	<u>1.23</u>
Total MBE	324	\$ 44,038	5.61 %
WBE (white woman-owned)	<u>332</u>	<u>45,416</u>	<u>5.79</u>
<b>Total MBE/WBE</b>	<b>656</b>	<b>\$ 89,454</b>	<b>11.40 %</b>
Majority-owned	<u>2,508</u>	<u>694,918</u>	<u>88.60</u>
<b>Total</b>	<b>3,164</b>	<b>\$ 784,372</b>	<b>100.00 %</b>

**KEEN  
INDEPENDENT  
RESEARCH**

## Utilization analysis — Overall

### Utilization of certified and non-certified firms

- 11% MBE/WBEs (all firms)
- 5% certified MBE/WBEs
- 1% majority-owned certified SBEs

### OMWBE certifications included are:

- Minority-owned Business Enterprises (MBEs)
- Woman-owned Business Enterprises (WBEs)
- Disadvantaged Business Enterprises (DBEs)
- Small Business Enterprises (SBEs)

### All City procurements (2017–2022)

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>OMWBE certification (MBEs, WBEs, DBEs and SBEs)</b>			
African American-owned	86	\$ 6,207	0.79 %
Asian American-owned	30	5,674	0.72
Hispanic American-owned	43	4,861	0.62
Native American-owned	<u>24</u>	<u>3,875</u>	<u>0.49</u>
Total MBE	183	\$ 20,618	2.63 %
WBE (white woman-owned)	<u>107</u>	<u>18,863</u>	<u>2.40</u>
<b>Total MBE/WBE</b>	<b>290</b>	<b>\$ 39,481</b>	<b>5.03 %</b>
Majority-owned (SBEs)	<u>48</u>	<u>11,151</u>	<u>1.42</u>
<b>Total certified</b>	<b>338</b>	<b>\$ 50,632</b>	<b>6.46 %</b>
Not certified	<u>2,826</u>	<u>733,740</u>	<u>93.54</u>
<b>Total</b>	<b>3,164</b>	<b>\$ 784,372</b>	<b>100.00 %</b>

**KEEN  
INDEPENDENT  
RESEARCH**

# Disparity analyses — By group

## All City procurements (2017–2022)

	Utilization	Availability	Disparity index
African American-owned	0.99 %	5.06 %	20
Asian American-owned	2.23	4.73	47
Hispanic American-owned	1.17	2.93	40
Native American-owned	1.23	0.79	156
<b>Total MBE</b>	<b>5.61 %</b>	<b>13.51 %</b>	<b>42</b>
WBE (white woman-owned)	5.79	7.11	81
<b>Total MBE/WBE</b>	<b>11.40 %</b>	<b>20.62 %</b>	<b>55</b>
Majority-owned	88.60	79.38	112
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

### Disparity index

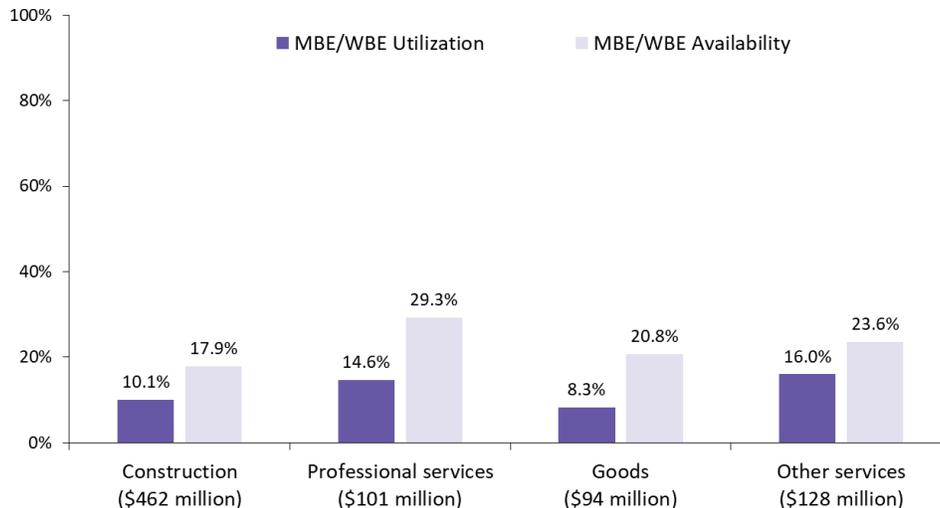
$$\frac{\% \text{ utilization} \times 100}{\% \text{ availability}}$$

Disparity indices below 80 considered “substantial”



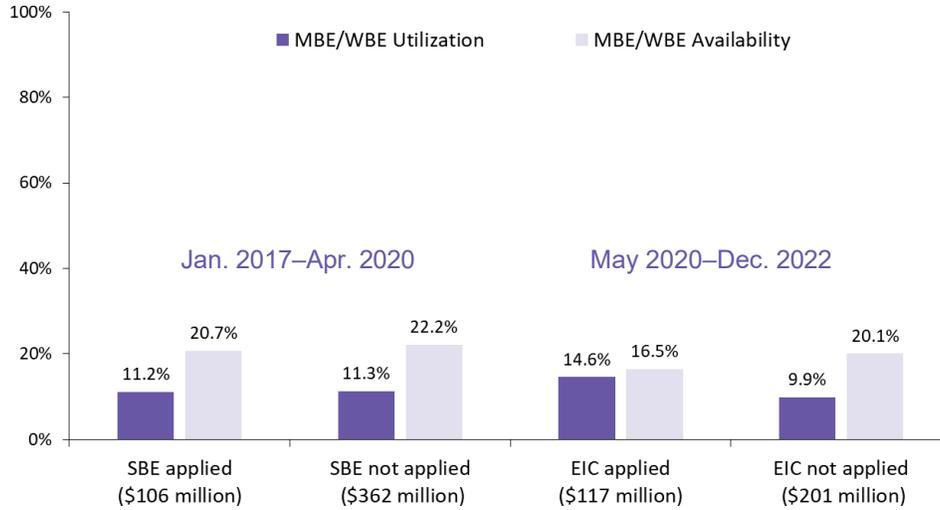
# Disparity analyses — By industry

## MBE/WBE utilization and availability for all City contracts by industry (2017–2022)



# Disparity analyses — By program

MBE/WBE utilization and availability for all City contracts by program



# Disparity results — By program application

Contracts and subcontracts where SBE program was applied (Jan. 2017–Apr. 2020)

	Utilization	Availability	Disparity index
African American-owned	1.15 %	8.38 %	14
Asian American-owned	0.73	3.45	21
Hispanic American-owned	1.37	1.75	78
Native American-owned	0.53	1.65	32
<b>Total MBE</b>	<b>3.78 %</b>	<b>15.23 %</b>	<b>25</b>
WBE (white woman-owned)	7.38	5.49	134
<b>Total MBE/WBE</b>	<b>11.16 %</b>	<b>20.72 %</b>	<b>54</b>
Majority-owned	88.84	79.28	112
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	



## Disparity results — By program application

Contracts and subcontracts where SBE program was not applied (Jan. 2017–Apr. 2020)

	Utilization	Availability	Disparity index
African American-owned	1.21 %	4.22 %	29
Asian American-owned	2.83	5.66	50
Hispanic American-owned	1.21	3.40	36
Native American-owned	0.47	0.63	75
Total MBE	5.72 %	13.92 %	41
WBE (white woman-owned)	5.58	8.30	67
<b>Total MBE/WBE</b>	<b>11.30 %</b>	<b>22.22 %</b>	<b>51</b>
Majority-owned	88.70	77.78	114
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

KEEN  
INDEPENDENT  
RESEARCH

## Disparity results — By program application

Contracts and subcontracts where EIC program was applied (May 2020–Dec. 2022)

	Utilization	Availability	Disparity index
African American-owned	1.14 %	6.50 %	18
Asian American-owned	2.20	3.04	72
Hispanic American-owned	1.85	1.52	122
Native American-owned	1.44	1.11	130
Total MBE	6.64 %	12.18 %	55
WBE (white woman-owned)	7.94	4.35	183
<b>Total MBE/WBE</b>	<b>14.58 %</b>	<b>16.52 %</b>	<b>88</b>
Majority-owned	85.42	83.48	102
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

KEEN  
INDEPENDENT  
RESEARCH

## Disparity results — By program application

Contracts and subcontracts where EIC program was not applied (May 2020–Dec. 2022)

	Utilization	Availability	Disparity index
African American-owned	0.41 %	3.98 %	10
Asian American-owned	1.98	4.72	42
Hispanic American-owned	0.57	3.52	16
Native American-owned	2.83	0.43	200+
Total MBE	5.79 %	12.66 %	46
WBE (white woman-owned)	4.07	7.43	55
<b>Total MBE/WBE</b>	<b>9.87 %</b>	<b>20.09 %</b>	<b>49</b>
Majority-owned	90.13	79.91	113
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

KEEN  
INDEPENDENT  
RESEARCH

## Marketplace analysis — Qualitative information

*A lot of minorities in this industry are having a hard time really, really breaking [in] .... It's a very closed network.*

*African American male owner of construction firm*

*It just seems like [Tacoma] is small town and it's got a small mindset in a sense where everybody works within themselves and then [you] can't crack one of those silos or especially in [my] industry .... I don't look a lot like the people in [my] industry, it's been a barrier.*

*African American male owner of an other services firm*

*The 'good ol' boy' network is not as strong as it used to be, but the upper levels of firms [in my line of work] are still dominated more [by] men than not. There's still the 'mommy-track glass ceiling.'*

*White female owner of a professional services firm*

*[It] is very much [a] family oriented, privileged-oriented insiders club, exclusive. If you don't know anybody, you don't get the job.*

*White male owner of an other services firm*

*I understand the 'good ol' boys' network ... and that plays a part in some of the barriers.*

*African American male owner of a professional services firm*

KEEN  
INDEPENDENT  
RESEARCH

## Marketplace analysis — Qualitative information

*In the past, I was certified as woman-owned in the State of Washington. I would often be contacted by prime contractors for them to meet the percentage of contractors of woman-owned firm[s]. They never called me. They used their previously used relationship with [industry] firms. I was used to getting the contract but did not get any work.*

*White female owner of a professional services firm*

*When we meet [potential clients] ... speaking with them on the phone, everything goes great. We get there to show up to do the walkthrough and then you can see the energy change ... when they realize that we are not who they thought we were over the phone.*

*African American female representative of an other services firm*

*That kind of discrimination exists within my industry .... There are big steps that have been taken to work to resolve those issues, but those are deep issues that some people really struggle with and ... it's very prevalent.*

*White female owner of a professional services firm*



## Marketplace analysis — Qualitative information

*There have been higher expectations, put on [minority- and woman-owned firms] than on a business that a company would have maybe more traditionally hired for work for that role. There are double standards out there, it feels like it's getting better but they still exist.*

*White male owner of a professional services firm*

*There's no recourse when it comes to finding out [about City of Tacoma bids]. I could pull up emails right now with team members from the procurement team of Tacoma who I'll send them a message and it's been months.*

*African American male representative of a goods firm*

*I don't know how [the City's bidding process is] being done, but just the fact that I can't easily talk to someone blocks me from any bidding opportunity .... When we get a bidding opportunity by the time I reach out [the bid is] already closed, they already have the people they want in and there's no recourse when it comes to finding out [about bids].*

*African American male representative of a goods firm*



## Recommendations

1. Refine overall aspirational MBE/WBE goal
2. Continue contract goals and expand to professional services
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