



# Equity in Contracting

City of Tacoma | Community & Economic Development Department

**TPU Board Study Session**  
**May 24, 2023**



# AGENDA



- Background
- Disparity Study Past
- 2022 Program Outcomes
- 2023 Priorities
- Disparity Study Present
- Next Steps



# ••• EQUITY IN CONTRACTING (2019)

- EIC Ordinance approved in November 2019
- Replaced Small Business Enterprise Program in TMC 1.07
- Created race/gender conscious tools



# 2018 RECOMMENDATIONS



1. Allocation of Resources, Including Staffing
2. Forecast Opportunities
3. Supportive Services
4. Small Business Reserve Program
5. Reform Data Infrastructure
6. Establish Policy to Investigate Possible Discrimination
7. Economic Development Projects
8. Vendor Rotation
9. Institute Race & Gender-Based Subcontracting Goals



# 2022 ACTIONS



<b>Allocation of Resources</b> 2021 hired 3 additional staff Program Manager Contract & Program Auditor Contract & Program Auditor	<b>Forecast Opportunities</b> Partner with MBDA and CED Program Tech to communicate forecasted opportunities	<b>Supportive Services</b> Partner with internal departments to offer workshops on how to do business with the City. Expanding this program to include additional topics
<b>Small Business Reserve Program</b> Utilize City Small Works Roster Program, however it is underutilized New legislation may have positive impacts to this program	<b>Reform Data Infrastructure</b> Adopted NIGP codes as well as NAICS codes, which enable us to properly classify and categorize procurement activities	<b>Policy to Investigate Possible Discrimination</b> Adopted processes that require staff to verify subcontractors listed are used on projects, ensuring utilization
<b>Economic Development Projects</b> Current development project agreements establish goals/good faith efforts, but prohibits requiring MWBE utilization Changes to TMC 1.07 required to make an impact	<b>Vendor Rotation</b> City does not presently participate in vendor rotation	<b>Race and Gender-Based Subcontracting Goals</b> City does not presently set race and gender-based subcontracting goals, but does track data to identify areas of improvement

# 2022 PROGRAM OUTCOMES



## Utilization Rates

<b>EIC Certification</b>	<b>2022 Utilization</b>	<b>2021 Utilization</b>	<b>2020 Utilization</b>	<b>2012-2016 Utilization</b>	<b>Estimated Availability of Contractors as Indicated in Disparity Study</b>
<b>MBE</b>	8%	10%	4%	5%	13%
<b>WBE</b>	8%	5%	7%	2%	3%
<b>SBE/DBE</b>	9%	18%	23%	N/A	N/A

# 2022 PROGRAM OUTCOMES



- **Result:**

- 2.8% (-1) decrease in the number of awards
- 33% (\$3.1M) decrease in amounts awarded to Tacoma's small, minority, and woman owned businesses

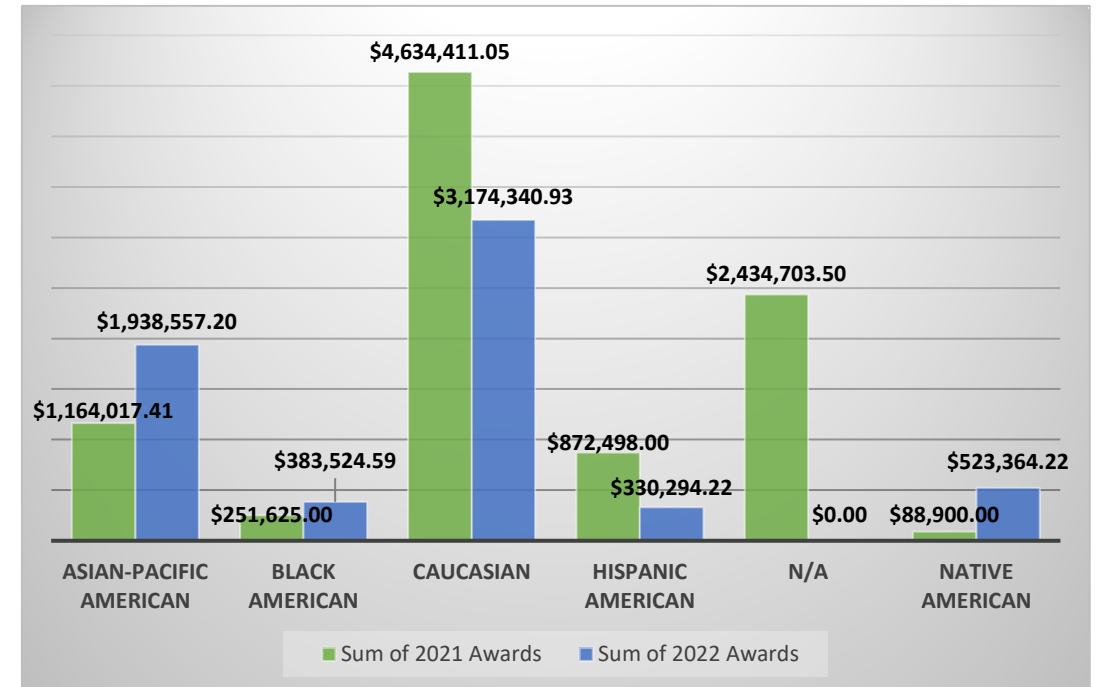
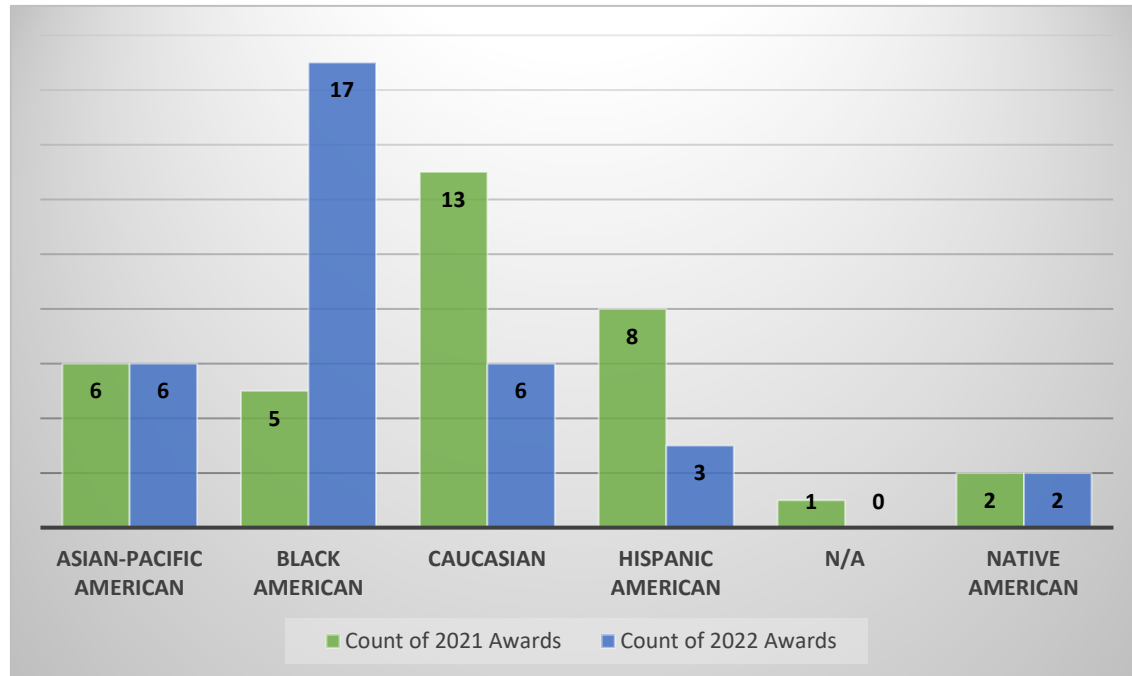
	# Awards to Certified Firms	Total Contract Amount Awarded to Certified Firms
2020	22	\$5,581,227
2021	35	\$9,446,155
2022	34	\$6,350,081

# 2022 PROGRAM OUTCOMES



Ethnicity	2022 Count of Awards	Sum of Original Subcontract Value
Asian-Pacific American	6	\$ 1,938,557.20
Black American	17	\$ 383,524.59
Caucasian	6	\$ 3,174,340.93
Hispanic American	3	\$ 330,294.22
Native American	2	\$ 523,364.22
Grand Total	34	\$ 6,350,081.16

Ethnicity	2021 Count of Awards	Sum of Original Subcontract Value
Asian-Pacific American	6	\$ 1,164,017.41
Black American	5	\$ 251,625.00
Caucasian	13	\$ 4,634,411.05
Hispanic American	8	\$ 872,498.00
N/A	1	\$ 2,434,703.50
Native American	2	\$ 88,900.00
Grand Total	35	\$ 9,446,154.96





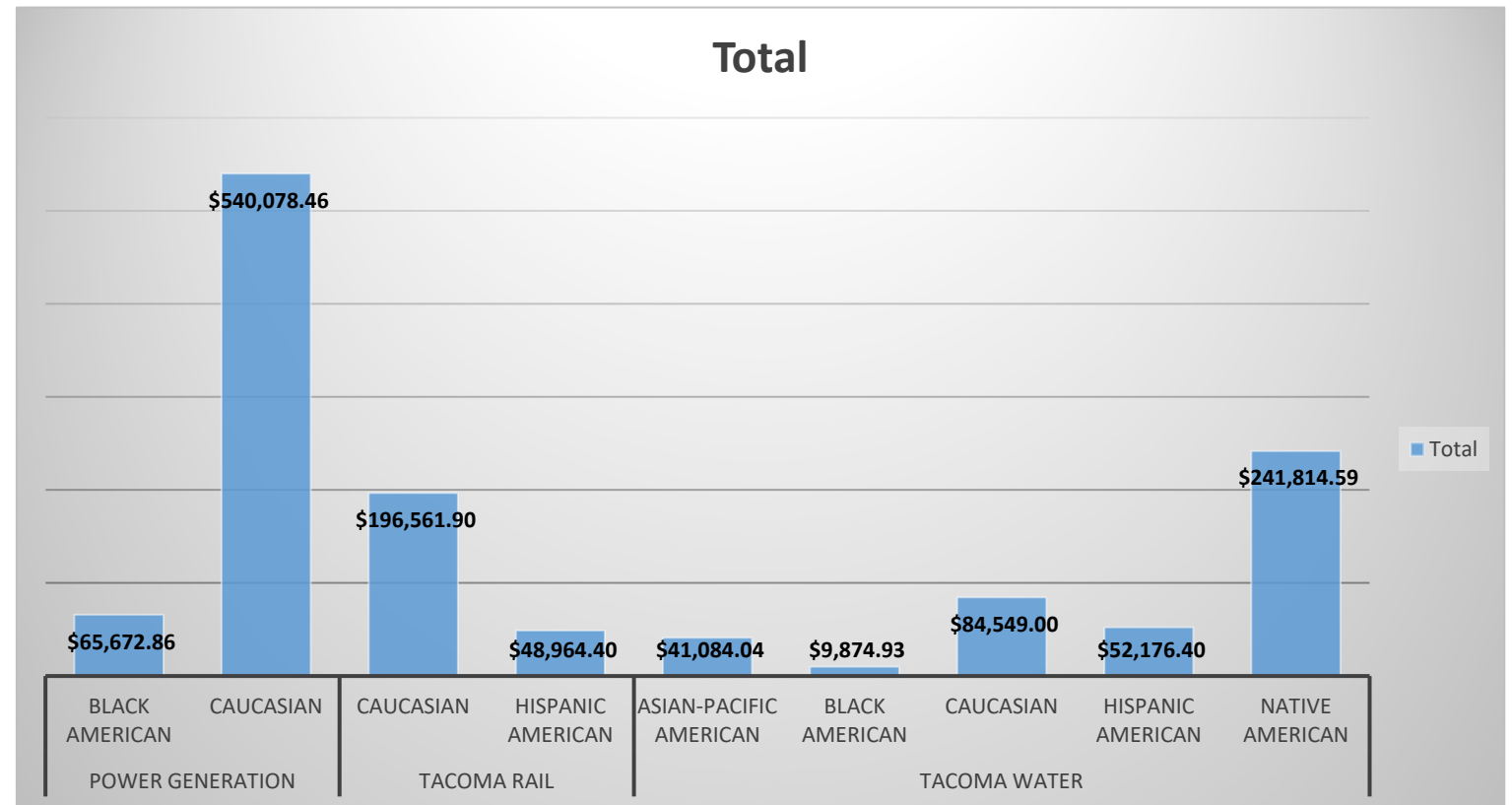
# 2022 PROGRAM OUTCOMES



NAICS Code	Description
221310	Water Supply and Irrigation Systems
236210	Industrial Building Construction
237110	Water and Sewer Line and Related Structures Construction
237310	Highway, Street, and Bridge Construction
237990	Other Heavy and Civil Engineering Construction
238110	Poured Concrete Foundation and Structure Contractors
238120	Structural Steel and Precast Concrete Contractors
238130	Framing Contractors
238210	Electrical Contractors and Other Wiring Installation Contractors
238220	Plumbing, Heating, and Air-Conditioning Contractors
238320	Painting and Wall Covering Contractors
238350	Finish Carpentry Contractors
238390	Other Building Finishing Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors
484220	Specialized Freight (except Used Goods) Trucking, Local
541370	Surveying and Mapping (except Geophysical) Services
561730	Landscaping Services
561990	All Other Support Services

TPU

Total



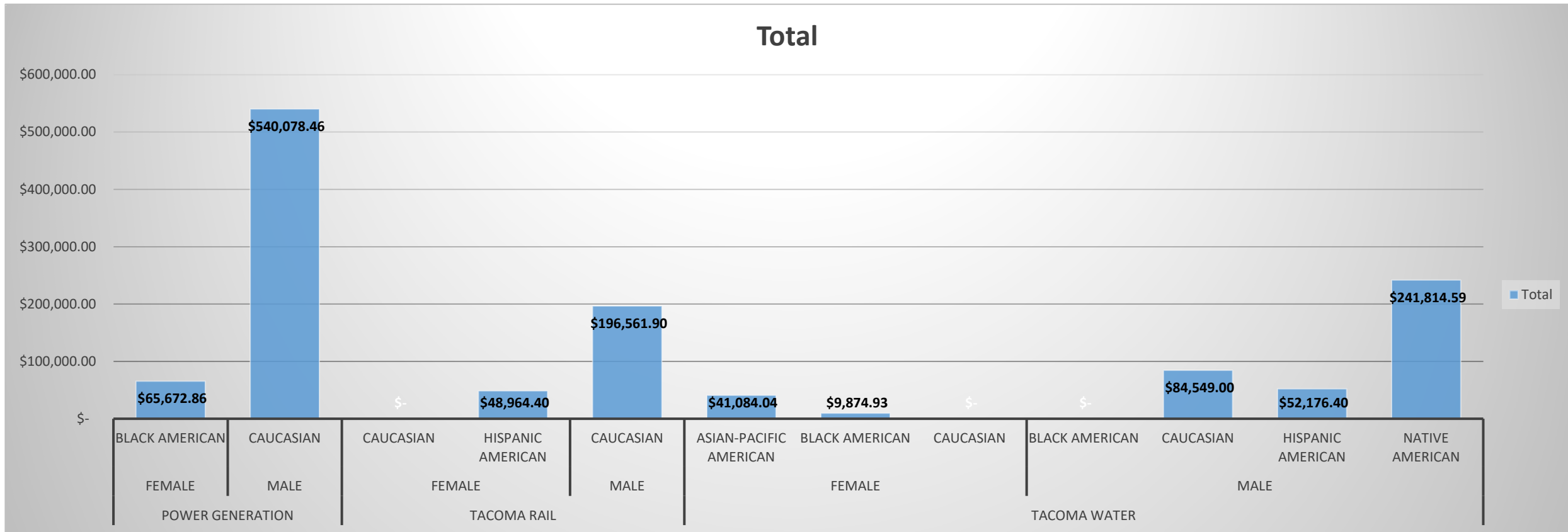


# 2022 PROGRAM OUTCOMES



## TPU

### Total





# CHALLENGES/SOLUTIONS



## **CHALLENGES**

- Understanding impacts of the COVID-19 pandemic
- Understanding local procurement landscape

## **SOLUTIONS**

- Review second generation disparity study findings
- Continued participation in Tacoma Anchor Network



# 2023 PRIORITIES



- External Efforts
  - Collaboration with Anchor Network partners on local, inclusive procurement
  - Increase engagement with community and external stakeholders
  - Expand networks with social-affinity groups
  - Implement outreach strategies
    - Prime and Subcontractor Meet & Greet Opportunities
    - Roundtable discussions with small, minority, and women-owned firms
    - Workshop Series
    - Partnering with other agencies to expand services and technical assistance





# 2023 PRIORITIES



- Internal Efforts
  - Increase engagement with internal stakeholders
    - Engage staff through workshops to provide:
      - Info on program background, purpose, and intended outcomes
      - Increase staff knowledge and capacity
      - Increase staff awareness on impact of EIC exceptions and waivers
      - Updates on program processes and policies
  - Improve tracking and develop dashboards
- Policy Review
  - TMC 1.07
  - Purchasing Policy



# DISPARITY STUDY



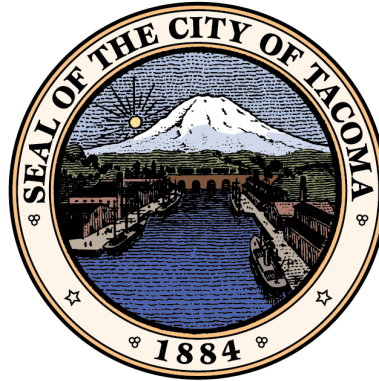
- Second generation study
- Review City contracting data from 2017-2022
  - Goods
  - Services
  - Public Work & Improvement
  - Architecture & Engineering (A&E)
- Press Release
- Web Page Creation
- Stakeholder Communication



# NEXT STEPS



- Publish Disparity Study RFP
- Program Development
  - Formally adopt EIC Compliance Regulations
  - Increase engagement with EIC Advisory Committee
  - Develop dashboards for internal and external stakeholders
  - Develop Roadmap to expand Equity in Contracting Program
    - Architecture & Engineering
    - Goods & Services



# Equity in Contracting

City of Tacoma | Community & Economic Development Department

**TPU Board Study Session**  
**May 24, 2023**

# City of Tacoma

## Equity in Contracting:

### Timeline

## 1989

The Tacoma Human Rights Commission held a public hearing in 1989, on behalf of the City of Tacoma, Pierce County, the Port of Tacoma, Tacoma School District No. 10, and Metropolitan Park District of Tacoma. The City established a MWBE program in 1990.

## 1993

The City MWBE program established goals for 14 percent for MBEs and 8 percent for WBEs. The City of Tacoma commissioned a disparity study in 1993. After the completion of the 1993 Disparity Study, the City established a Historically Under-Utilized Business Enterprise (HUB) program.

## 2000

In 2000, the City passed Ordinance 26726, establishing a race-neutral and gender-neutral Historically Underutilized Business (HUB) program with a 20 percent goal. The City extended its HUB program from public works to cover goods and services as well in December 2009. At the same time, the City provided that the HUB program applied to all contracts more than \$25,000. In 2013, the HUB program was renamed the Small Business Enterprise (SBE) program.

## 2013

The City SBE program provides for an aspirational goal of 22 percent, to be reviewed annually. The SBE program set goals on a project-by-project basis and did not mechanically apply the same SBE goals on every project, nor has the City set SBE goals of any size on every project.

## 2018

Resolution No. 40124 was adopted on October 2, 2018. The City Council created the Community Workforce Task Force ("Task Force") to assess approaches to race and gender conscious subcontracting requirements and community workforce agreements. Findings can be found [here](#).

## 2018

Disparity Study Findings + Recommendations indicated the City's Small Business Enterprise (SBE) Program had not effectively reduced barriers or increased opportunities for businesses owned by women or people of color. Findings can be found [here](#).

## 2020

In 2020, the City passed Ordinance 28625, renaming the SBE program, the Equity in Contracting (EIC) program.

## 2022-2023

In 2022, the City passed Resolution 39527, establishing the Equity in Contracting Advisory Committee.

In 2023 the City conducted a study of its Equity in Contracting (EIC) program.





EQUITY IN CONTRACTING

# 2022 ANNUAL REPORT

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PREPARED BY COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT





# Evolution of Program

## Equity in Contracting

**1989**

### **MWBE Program**

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**1993**

### **Disparity Study + HUB Program**

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**2000**

### **HUB Program cont.**

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**2013**

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## **SBE Program cont.**

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**2018**

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**2018**

## **Disparity Study**

Disparity Study Findings + Recommendations indicated the City's Small Business Enterprise (SBE) Program had not effectively reduced barriers or increased opportunities for businesses owned by women or people of color. Findings can be found [here](#).



**2020**

## **Equity in Contracting Program**

In 2020, the City passed Ordinance 28625, renaming the SBE program, the Equity in Contracting (EIC) program.

**2022-2023**

## **Advisory Committee + Disparity Study**

In 2022, the City passed Resolution 39527, establishing the Equity in Contracting Advisory Committee.

In 2023 the City conducts a study of its Equity in Contracting (EIC) program.



# INTRODUCTION

As part of the City of Tacoma's ongoing work to advance broader strategic goals relating to equity and accessibility, as well as economic growth, it has expanded its efforts to achieve equity in contracting and support of minority and women-owned businesses.

The Equity in Contracting Program offers access to contracting and procurement opportunities, as well as guidance and technical assistance, to historically-underutilized businesses interested in providing supplies, services and public works support to the City of Tacoma.

# MISSION

To create and sustain a competitive and fair business environment for contracting, procurement and consulting opportunities that include small businesses owned by minority, women, and socially and economically disadvantaged people.

# REQUIREMENTS

Beginning in March 2020, the City of Tacoma's Equity in Contracting (EIC) program placed Minority Business Enterprise (MBE), Women Business Enterprise (WBE) and Small Business Enterprise (SBE)\* requirements on City of Tacoma Public Works construction projects.

\*Disadvantaged Business Enterprise (DBE) firms may also fulfill SBE requirements.



# OUR PERFORMANCE

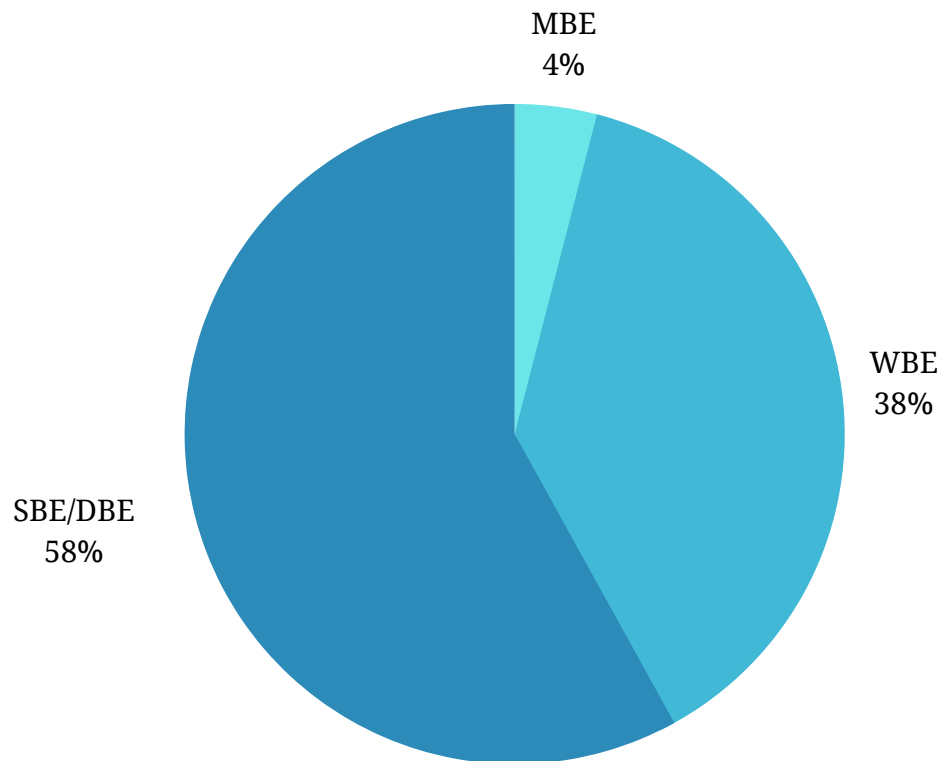
Below are the MBE, WBE, and SBE/DBE utilization rates for 2022. We've also included utilization rates from our previous contracts in 2012 – 2016 and the estimated availability of firms who are ready, willing, and able to perform work on a given contract based on North American Industry Classification System (NAICS) codes in the scope of work to be performed as indicated in our Disparity Study.


EIC Certification	2022 Utilization	2021 Utilization	2020 Utilization	2012-2016 Utilization	Estimated Availability of Contractors as Indicated in Disparity Study
MBE	8%	10%	4%	5%	13%
WBE	8%	5%	7%	2%	3%
SBE/DBE	9%	18%	23%	N/A	N/A

# BY THE NUMBERS

## TOTAL AWARDS TO CERTIFIED FIRMS

### BREAKDOWN BY BUSINESS CERTIFICATION TYPE



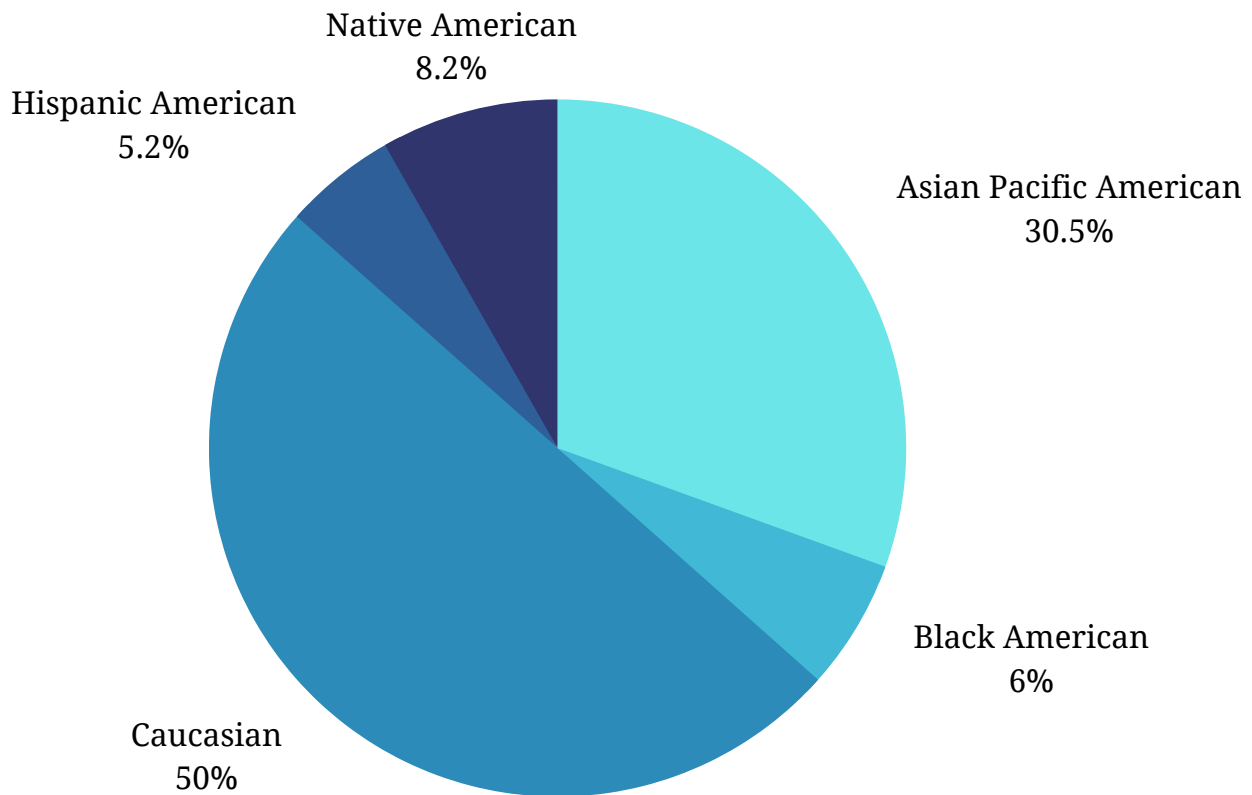
Certification Type 	Sum of Total Payments	Sum of # Awards
DBE	\$ 2,935,254.73	14
MBE	\$ 270,869.24	9
SBE	\$ 983,160.93	2
WBE	\$ 2,562,295.51	9
Grand Total	\$ 6,751,580.41	34



# BY THE NUMBERS

## DEMOGRAPHICS

### DEMOGRAPHIC BREAKDOWN OF MWBE SPENDING

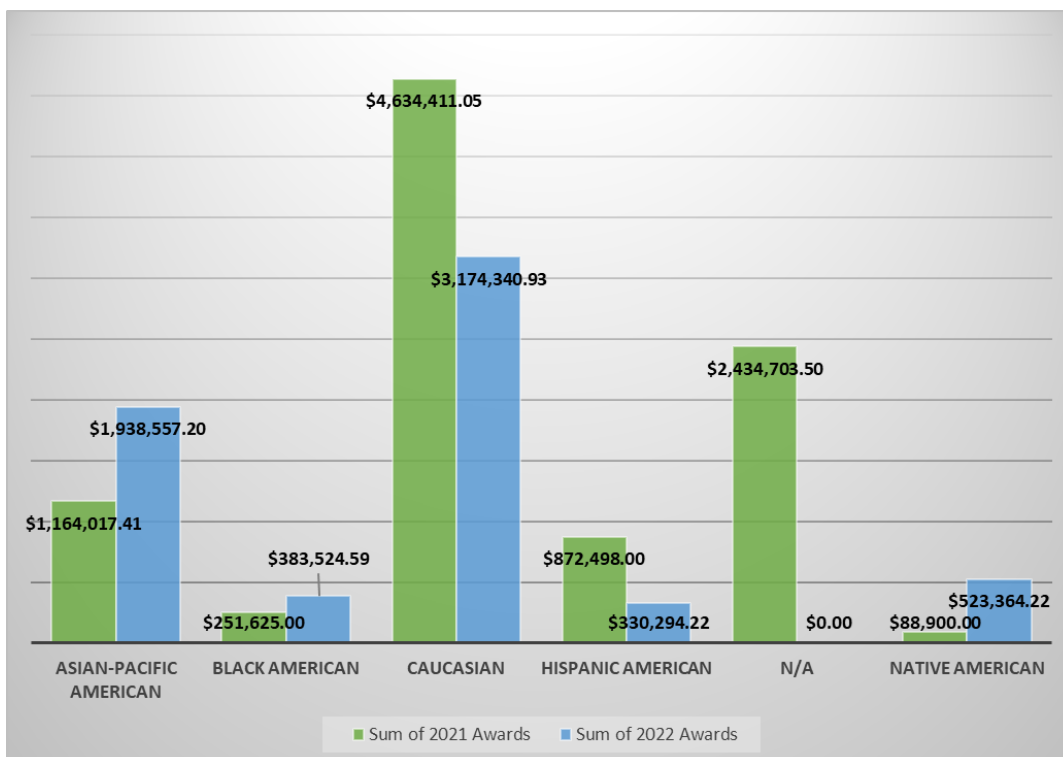
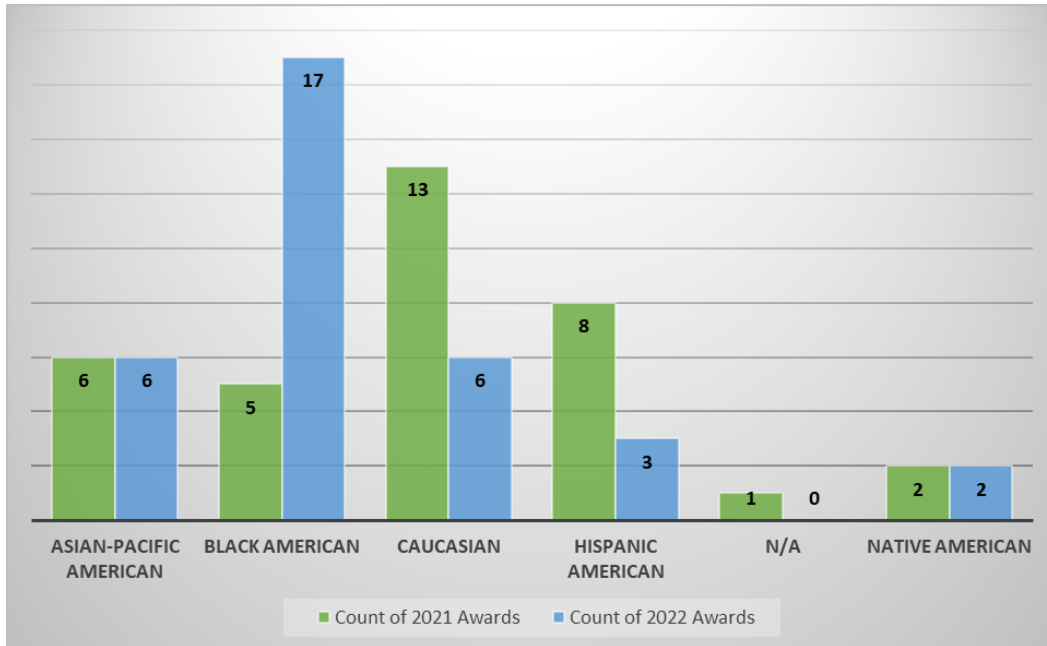


Race/Ethnicity	Sum of Payments as Sub	Sum of # Awards
Asian-Pacific American	\$ 1,938,557.20	6.00
Black American	\$ 383,524.59	17.00
Caucasian	\$ 3,174,340.93	6.00
Hispanic American	\$ 330,294.22	3.00
Native American	\$ 523,364.22	2.00
Grand Total	\$ 6,350,081.16	34.00

# BY THE NUMBERS

## DEMOGRAPHICS

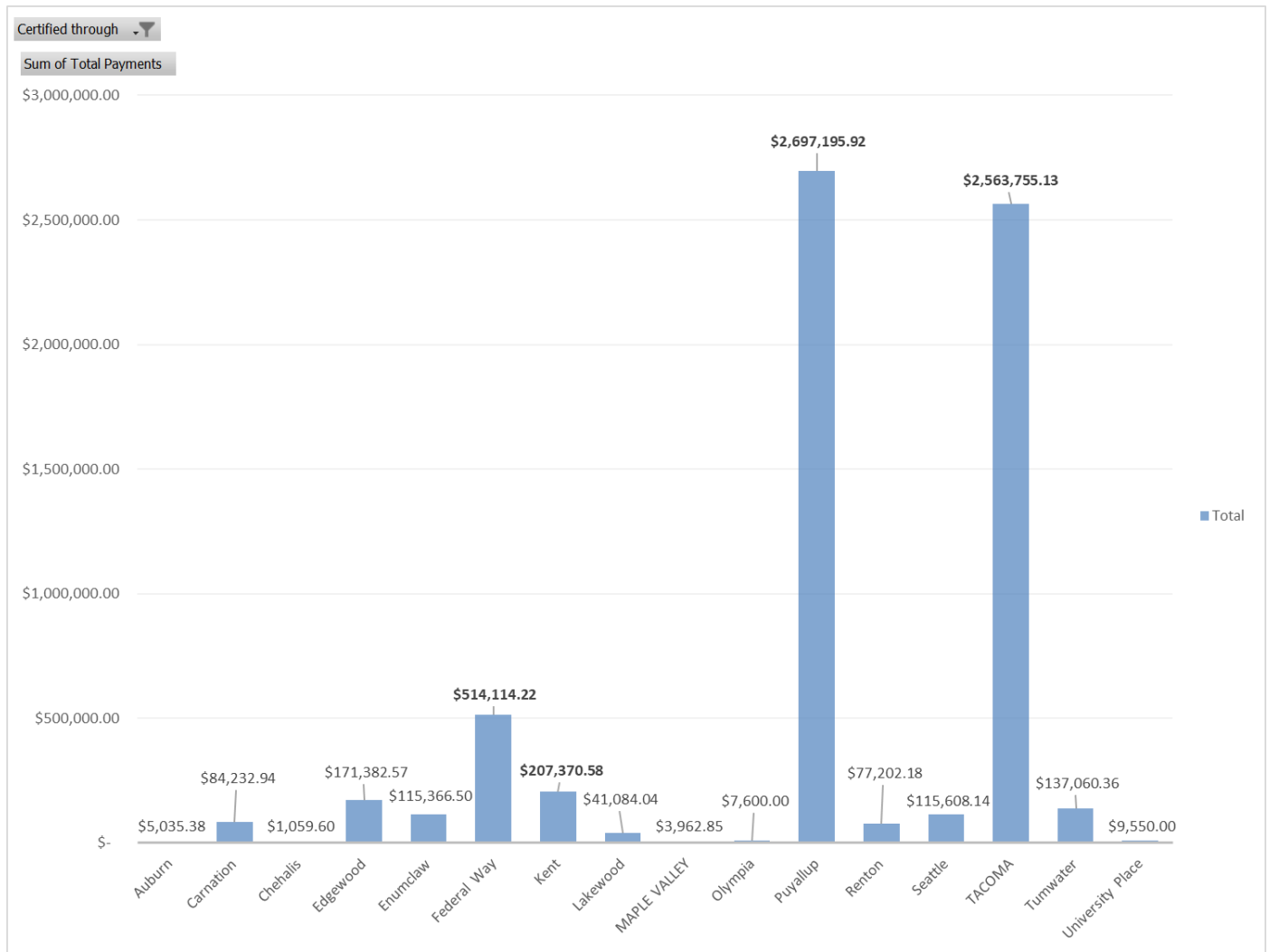
### DEMOGRAPHIC BREAKDOWN OF MWBE SPENDING



# BY THE NUMBERS

## LOCATION

### BREAKDOWN OF MWBE SPENDING BY LOCATION

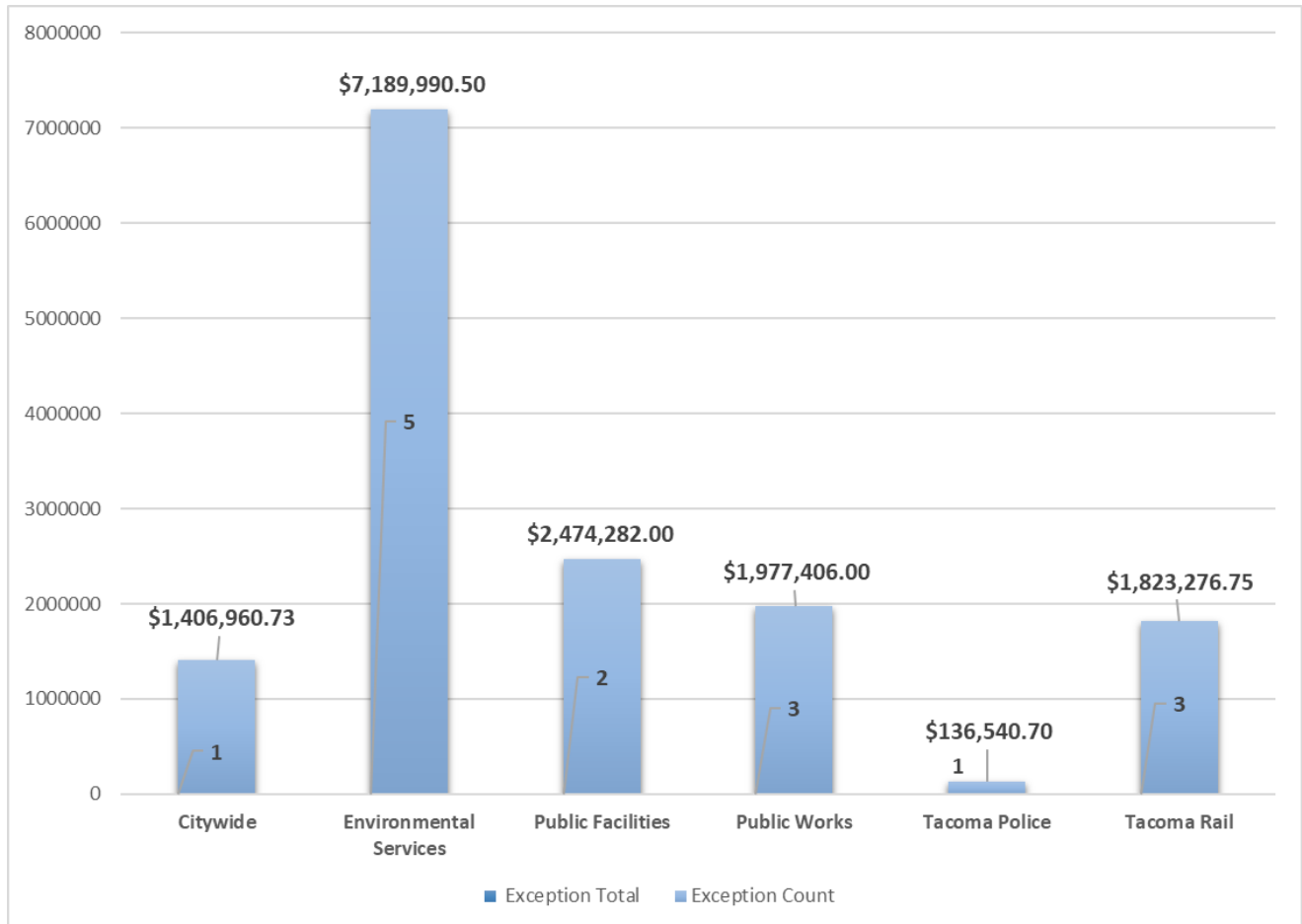


**CERTIFIED FIRMS IN TACOMA RECEIVED  
38% OF TOTAL PAYMENTS  
TO CERTIFIED FIRMS**

# Equity in Contracting - Exceptions

Projects are granted waivers or exceptions due to lack of certified firms within a specific NAICS code category. In 2022 we saw the following:

- 18 projects with no EIC requirements due to lack of available firms
  - 3 (three) projects were granted waivers
  - **15 projects were granted exceptions**



## NAICS CODES

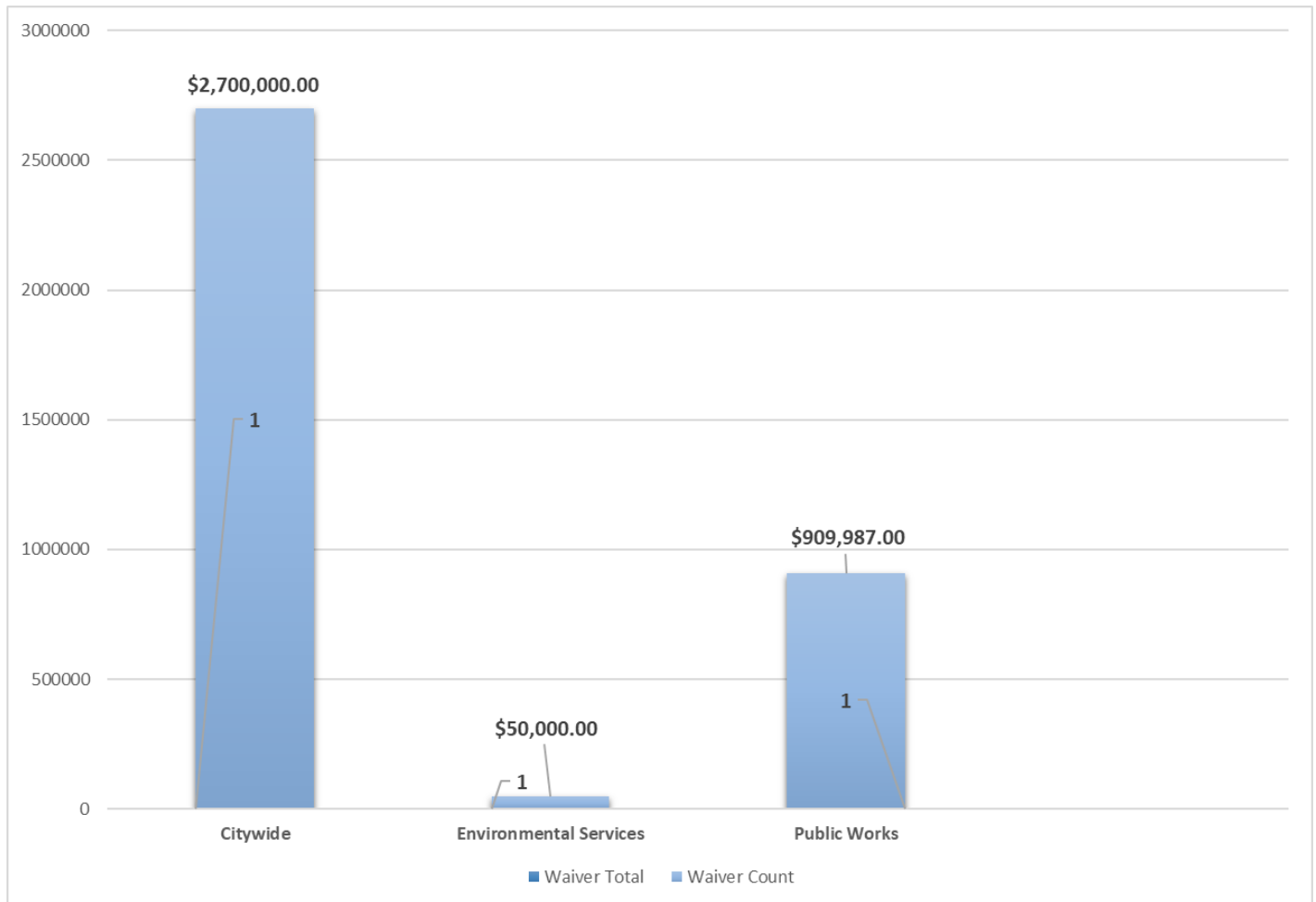
- 221320: Sewage Treatment Facilities
- 237110: Water & Sewer Line and Related Structures Construction
- 237310: Highway, Street, and Bridge Construction
- 237990: Other Heavy and Civil Engineering Construction
- 238210: Electrical Contractors and Other Wiring Installation Contractors
- 238220: Plumbing, Heating, and Air-Conditioning Contractors
- 238910: Site Preparation Contractors
- 238990: All Other Specialty Trade Contractors
- 332323: Ornamental and Architectural Metal Work Manufacturing
- 423390: Other Construction Material Merchant Wholesalers
- 482112: Shore Line Railroads
- 484220: Specialized Freight (except Used Goods) Trucking, Local
- 541360: Geophysical Surveying and Mapping Services
- 561621: Security Systems Services (except Locksmiths)
- 561730: Landscaping Services
- 561990: All Other Support Services
- 562211: Hazardous Waste Treatment and Disposal
- 562112: Hazardous Waste Collection
- 562119: Other Waste Collection
- 562910: Remediation Services



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- 561990: All Other Support Services
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- 561730: Landscaping Services
- 562112: Hazardous Waste Collection
- 562119: Other Waste Collection

# EXTERNAL EFFORTS

## Tacoma Anchor Network

Equity in Contracting Staff participate in the Tacoma Anchor Network, specific to collaborating with the largest employers in Pierce County on local and inclusive procurement.

## Local Procurement Landscape

Purpose: Identify ways to increase contract and procurement spending with local businesses, with an emphasis on minority-and women-owned business.

## TACOMA ANCHOR NETWORK

The Tacoma Anchor Network is creating a new normal for how business is done by leveraging institutional assets to address economic, social, and racial inequities. We work collaboratively to keep resources circulating locally and ensure that all people who live here can work here and all people who work here can afford to live here.

- Increase the amount of place-based investment that focuses on social and economic disparities in Tacoma
- Advance policy at a local, regional, and state level that enables anchor institutions to more effectively use their economic resources to meet needs identified by residents.

# EXTERNAL EFFORTS

## Links to Opportunity (LTO) Streetscape Improvements Project

In partnership with Public Works, Purchasing, and the Minority Business Development Agency (MBDA), EIC staff participated in several outreach events to invite certified firms to learn about the LTO project. Firms were invited to learn, meet City staff, and ask questions to be better prepared for upcoming bid opportunities.

## LINKS TO OPPORTUNITY

The LTO project will enhance the corridor along Sound Transit's Hilltop Tacoma LINK extension route to increase accessibility and safety for residents and businesses.

The project serves one of Tacoma's oldest historically Black neighborhoods and business districts, and the design was informed by nearly two years of grassroots outreach to the Hilltop community.

Downtown: On the Go!, Hilltop Action Coalition, and Tacoma Housing Authority all assisted in the outreach effort.

The final design is informed and defined by the community that it will serve and will honor the history of the corridor.

# EXTERNAL EFFORTS

## Equity in Contracting Advisory Committee

Established in 2022, the Equity in Contracting Advisory Committee was created to act in an advisory capacity to monitor compliance of the Equity in Contracting Program.

As these are volunteer roles, we are grateful for the knowledge and expertise that is represented on the advisory committee, and thankful for each member's contributions to the EIC program.

## EQUITY IN CONTRACTING ADVISORY COMMITTEE

The Equity in Contracting Advisory Committee consists of 15 members appointed by City Council.

The Advisory Board will consist of the following volunteer members: (7) seven members representing certified businesses, large prime, union signatory, and open shop firms; (5) five members representing each of the Council Districts; and (3) three recommended by the Tacoma Public Utility Board.

The Advisory Committee advises Equity in Contracting Program staff on overall program effectiveness. The primary responsibility of the Advisory Committee is to monitor compliance to Equity in Contracting Program guidelines and accountability standards.



## INTERNAL EFFORTS

Internally, staff are reviewing processes and policies to:

- Ensure documentation is current and relevant
- Ensure policies are being implemented as intended
- Ensure alignment with current laws and regulations
- Update outdated information, and
- Address bias and advance equity

Most recently with the assistance of the Purchasing department, staff have begun using Ariba, the City's procurement system to set EIC and LEAP requirements on public work and improvement projects. This has streamlined processes, and allows for a quicker response time for internal departments.

## COMPLIANCE - REGULATIONS

As part of program performance and overall effectiveness, we will formally adopt Program Regulations.

Program Regulations will assist in accurately creating compliance goals, improve program performance, and ensure the City has proper policies and procedures in place to hold firms accountable.

# NEXT STEPS

Where do you go from here?

The focus of the Equity in Contracting Program in 2023 will be the following:

1

## Disparity Study

Complete disparity study analysis of the Equity in Contracting program and create roadmap to implement study recommendations.

2

## EIC Compliance

Implement non-compliance measures as noted in TMC 1.07 for increased accountability and to build belief and trust in the program.

3

## Outreach

Increase outreach and technical assistance to certified firms to ensure access, opportunity, and increased utilization on City of Tacoma projects.