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MARKET AREA ANALYSIS

I. MARKET AREA DEFINITION

A. Legal Criteria for Geographic Market Area

The Supreme Court's decision in *City of Richmond v. J.A. Croson Co.*¹ held that programs established by local governments to set goals for the participation of minority and woman-owned firms, must be supported by *evidence of past discrimination in the awarding of their contracts*.

Prior to the *Croson* decision, many agencies and jurisdictions implementing race-conscious programs did so without developing a detailed public record to document discrimination in their awarding of contracts. Instead, they relied upon common knowledge and what was viewed as widely-recognized patterns of discrimination, both local and national.²

Croson established that a local government could not rely on society-wide discrimination as the basis for a race-based program, but, instead, was required to identify discrimination within its own jurisdiction.³ In *Croson*, the Court found the City of Richmond's Minority Business Enterprise (MBE) construction program to be unconstitutional because there was insufficient evidence of discrimination in the *local construction market*.

¹ *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

² *United Steelworkers v. Weber*, 433 U.S. 193, 198, n. 1 (1979).

³ *Croson*, 488 U.S. at 497 (1989).

Croson was explicit in saying that the *local construction market* was the appropriate geographical framework within which to perform statistical comparisons of business availability and business utilization. Therefore, the identification of the local market area is particularly important because that factor establishes the parameters within which to conduct a disparity study.

B. Application of the *Croson* Standard

While *Croson* emphasized the importance of the local market area, it provided little assistance in defining its parameters. It, however, is informative to review the Court's definition of market area in the City of Richmond context. In discussing the scope of the constitutional violation that must be investigated, the Court interchangeably used the terms "relevant market,"⁴ "Richmond construction industry,"⁵ and "city's construction industry"⁶ to define the proper scope of the examination of the existence of discrimination. This substitution of terms lends support to a definition of market area that coincides with the boundaries of a jurisdiction.

In analyzing the cases following *Croson*, a pattern emerges that provides additional guidance. The body of cases examining market area support a definition of market area that is reasonable.⁷ In *Cone Corporation v. Hillsborough County*,⁸ the Eleventh Circuit Court of Appeals considered a study in support of Florida's Hillsborough County MBE program, which used minority contractors located in the County as the measure of available firms. The program was found to be constitutional under the compelling governmental interest element of the strict scrutiny standard.

Hillsborough County's program was based on statistics indicating that specific discrimination existed in the construction contracts awarded by the County, not in the construction industry in general. Hillsborough County had extracted data from within its own jurisdictional boundaries and assessed the percentage of minority businesses available in Hillsborough County. The court stated that the study was properly conducted within the "local construction industry."⁹

⁴ *Croson*, 488 U.S. at 471 (1989).

⁵ *Id.* at 500.

⁶ *Id.* at 470.

⁷ See e.g., *Concrete Works of Colorado v. City of Denver, Colorado*, 36 F.3d 1513, 1528 (10th Cir. 1994).

⁸ *Cone Corporation v. Hillsborough County*, 908 F.2d 908 (11th Cir. 1990).

⁹ *Id.* at 915.

Similarly, in *Associated General Contractors v. Coalition for Economic Equity (AGCCII)*,¹⁰ the Ninth Circuit Court of Appeals found the City and County of San Francisco's MBE program to have the factual predicate necessary to survive strict scrutiny. The San Francisco MBE program was supported by a study that assessed the number of available MBE contractors within the City and County of San Francisco. The court found it appropriate to use the City and County as the relevant market area within which to conduct a disparity study.¹¹

In *Coral Construction v. King County*, the Ninth Circuit Court of Appeals held that "a set-aside program is valid only if actual, identifiable discrimination has occurred within the local industry affected by the program."¹² In support of its MBE program, the State of Washington's King County offered studies compiled by other jurisdictions, including entities completely within the County or coterminous with the boundaries of the County, as well as a separate jurisdiction completely outside of the County. The plaintiffs contended that *Croson* required King County to compile its own data and cited *Croson* as prohibiting data sharing.

The court found that data sharing could potentially lead to the improper use of societal discrimination data as the factual basis for a local MBE program and that innocent third parties could be unnecessarily burdened if an MBE program were based on outside data. However, the court also found that the data from entities within the County and from coterminous jurisdictions was relevant to discrimination in the County. They also found that the data posed no risk of unfairly burdening innocent third parties.

Concerning data gathered by a neighboring county, the court concluded that this data could not be used to support King County's MBE program. The court noted, "It is vital that a race-conscious program align itself as closely to the scope of the problem legitimately sought to be rectified by the governmental entity. To prevent overbreadth, the enacting jurisdiction should limit its factual inquiry to the presence of discrimination within its own boundaries."¹³ However, the court did note that the "world of contracting does not conform itself neatly to jurisdictional boundaries."¹⁴

There are other situations where courts have approved a definition of market area that extends beyond a jurisdiction's geographic boundaries. In *Concrete Works v. City and*

¹⁰ *Associated General Contractors of California v. Coalition for Economic Equity and City and County of San Francisco*, 950 F.2d 1401 (9th Cir. 1991).

¹¹ *Id.* at 1415.

¹² *Coral Construction Co. v. King County*, 941 F.2d 910 (9th Cir. 1991), *cert. denied*, 112 S.Ct. 875 (1992).

¹³ *Id.* at 917.

¹⁴ *Id.*

County of Denver,¹⁵ the Tenth Circuit Court of Appeals directly addressed the issue of whether extra-jurisdictional evidence of discrimination can be used to determine “local market area” for a disparity study. In *Concrete Works*, the defendant relied on evidence of discrimination in the six-county Denver Metropolitan Statistical Area (MSA) to support its MBE program. Plaintiffs argued that the federal constitution prohibited consideration of evidence beyond jurisdictional boundaries. The Court of Appeals disagreed.

Critical to the court’s acceptance of the Denver MSA as the relevant local market, was the finding that more than 80 percent of construction and design contracts awarded by Denver were awarded to contractors within the MSA. Another consideration was that Denver’s analysis was based on U.S. Census data, which was available for the Denver MSA but not for the city itself. There was no undue burden placed on nonculpable parties, as Denver had conducted a majority of its construction contracts within the area defined as the local market. Citing *AGCCII*,¹⁶ the court noted, “that any plan that extends race-conscious remedies beyond territorial boundaries must be based on very specific findings that actions that the city has taken in the past have visited racial discrimination on such individuals.”¹⁷

Similarly, New York State conducted a disparity study in which the geographic market consisted of New York State and eight counties in northern New Jersey. The geographic market was defined as the area encompassing the location of businesses which received more than 90 percent of the dollar value of all contracts awarded by the agency.¹⁸

State and local governments must pay special attention to the geographical scope of their disparity studies. *Croson* determined that the statistical analysis should focus on the number of qualified minority individuals or qualified minority business owners in the government’s marketplace.¹⁹ The text of *Croson* itself suggests that the geographical boundaries of the government entity comprise an appropriate market area, and other courts have agreed with this finding. In addition, other cases have approved the use of a percentage of the dollars spent by an agency on contracting.

It follows then that an entity may limit consideration of evidence of discrimination to discrimination occurring within its own jurisdiction. Under certain circumstances, extra-jurisdictional evidence can be used if the percentage of governmental dollars supports such boundaries. Taken collectively, the cases support a definition of market area that is reasonable rather than dictating a specific or unreasonably rigid formula. In other words,

¹⁵ *Concrete Works*, 36 F.3d 1513, 1528 (10th Cir. 1994).

¹⁶ *AGCCII*, 950 F.2d 1401 (9th Cir. 1991).

¹⁷ *Concrete Works*, 36 F.3d at 1528 (10th Cir. 1994).

¹⁸ *Opportunity Denied! New York State’s Study*, 26 *Urban Lawyer* No. 3, Summer 1994.

¹⁹ *Croson*, 488 U.S. at 501 (1989).

since *Croson* and its progeny did not provide a bright line rule for local market area, that determination should be fact-based and case-specific.

II. CITY OF OAKLAND AND REDEVELOPMENT AGENCY'S MARKET AREA

The City of Oakland and Redevelopment Agency awarded 24,956 construction, architecture and engineering, professional services, and goods and other services contracts valued at \$244,205,430 during the study period of July 1, 2002 to June 30, 2005. A total of 54.21 percent of the contracts and 60.83 percent of the dollars were awarded to businesses in the market area of Oakland, California. In light of standards articulated by *Croson*, determination of the market area has been based on the City of Oakland's jurisdictional boundaries. The identification of available firms was limited to the market area.

Table 6.01 depicts the overall number of construction, architecture and engineering, professional services, and goods and other services contracts and the dollar value of those contracts awarded by the City between July 1, 2002 and June 30, 2005. Of the 24,956 contracts awarded by the City during the study period, 13,529 or 54.21 percent were awarded to market area businesses. The dollar value of contracts awarded to market area businesses was \$148,561,599 or 60.83 percent of all contract dollars awarded.

The breakdown of contracts awarded to market area businesses is as follows:

Construction Contracts: 467 or 76.94 percent of these contracts were awarded to market area businesses. The dollar value of those contracts was \$67,568,754 or 87.47 percent of the total construction dollars.

Architecture and Engineering Contracts: 328 or 77.36 percent of these contracts were awarded to market area businesses. The dollar value of those contracts was \$15,663,717 or 71.28 percent of the total architecture and engineering dollars.

Professional Services Contracts: 470 or 42.69 percent of these contracts were awarded to market area businesses. The dollar value of those contracts was \$17,314,873 or 46.66 percent of the total professional services dollars.²⁰

Goods and Other Services Contracts: 12,264 or 53.73 percent were awarded to market area businesses. The dollar value of those contracts was \$48,014,255 or 44.51 percent of the total goods and other services dollars.²¹

²⁰ 50.1 percent of the total professional services dollars were awarded to businesses outside Alameda County

²¹ 46.1 percent of the total goods and other service dollars were awarded to businesses outside Alameda County

**Table 6.01 City of Oakland Market Area: July 1, 2002 to
June 30, 2005**

Market Area	Number of Contracts	Percent of Contracts	Amount of Dollars	Percent of Dollars
Combined Types of Work				
Market Area	13,529	54.21%	\$148,561,599	60.83%
Outside Market Area	11,427	45.79%	\$95,643,831	39.17%
Total	24,956	100.00%	\$244,205,430	100.00%
Construction				
Market Area	467	76.94%	\$67,568,754	87.47%
Outside Market Area	140	23.06%	\$9,681,166	12.53%
Total	607	100.00%	\$77,249,921	100.00%
Architecture and Engineering				
Market Area	328	77.36%	\$15,663,717	71.28%
Outside Market Area	96	22.64%	\$6,312,401	28.72%
Total	424	100.00%	\$21,976,119	100.00%
Professional Services				
Market Area	470	42.69%	\$17,314,873	46.66%
Outside Market Area	631	57.31%	\$19,797,212	53.34%
Total	1,101	100.00%	\$37,112,084	100.00%
Procurement of Goods and Other Services				
Market Area	12,264	53.73%	\$48,014,255	44.51%
Outside Market Area	10,560	46.27%	\$59,853,052	55.49%
Total	22,824	100.00%	\$107,867,306	100.00%

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AVAILABILITY ANALYSIS

I. INTRODUCTION

According to *Croson*, availability is defined as the number of businesses in the jurisdiction's market area that are willing and able to provide goods or services.¹ To determine availability, minority and woman-owned business enterprises (M/WBEs) and non-M/WBEs within the jurisdiction's market area that are willing and able to provide the goods and services need to be enumerated. When considering sources for determining the number of willing and able M/WBEs and non-M/WBEs, the selection must be based on whether two significant aspects about the population in question can be gauged from the sources: 1) a firm's interest in doing business with the jurisdiction, as implied by the term "willing"; and 2) a firm's ability or capacity to provide a service or good, as implied by the term "able."

The determination of availability must follow from the definition of the jurisdiction's market area. The market area analysis presented in *Chapter 6: Market Area Analysis* defined the City of Oakland as the market area for this Study because the majority of the utilized businesses are domiciled in the City.

The compiled list of available businesses includes minority, woman, and Caucasian male-owned businesses in the areas of construction, architecture and engineering services, professional services, and goods and other services. Separate availability lists were compiled for prime contractors and subcontractors within the four industries. Each availability list is presented below.

¹ *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 509 (1989).

II. PRIME CONTRACTOR AVAILABILITY DATA SOURCES

A. Prime Contractor Sources

Market area M/WBEs and non-M/WBEs willing and able to do business with the City were identified from various public and private organization sources. The government sources included businesses that had demonstrated their willingness to provide the goods and services procured by the City. For all of the other sources the business' willingness had to be determined. Table 7.01 lists all the sources used.

Table 7.01 Prime Contractor Availability Data Sources

Source	Type of Information
City of Oakland and Other Government Records	
Alameda County Utilized Vendor	M/WBEs and non-M/WBEs
City of Oakland Bidders	M/WBEs and non-M/WBEs
City of Oakland Utilized Vendors	M/WBEs and non-M/WBEs
Oakland Base Redevelopment Authority Utilized Vendors	M/WBEs and non-M/WBEs
Small Business Administration: Pronet	M/WBEs and non-M/WBEs
Certification Lists	
Alameda County Transportation Improvement Agency Certification	LBEs and S/LBEs
Alameda County Small/Local/Emerging/Business Program	LBEs and S/LEBs
California Unified Certification Program List	DBEs
East Bay Municipal Utility District Certification List	SBEs
City of Oakland Small Local Business Enterprise Certification List	LBEs and S/LBEs
Port of Oakland Certification List	LBABEs, LIABEs, SBEs, and VSBEs

Table 7.01 Prime Contractor Availability Data Sources

Source	Type of Information
Trade Association Membership Lists	
Associated Builders and Contractors	M/WBEs and non-M/WBEs
Associated General Contractors of California	M/WBEs and non-M/WBEs
Builders Exchange of Alameda County	M/WBEs and non-M/WBEs
East Bay Asian Design Professionals	M/WBEs
Business Association Membership Lists	
Alameda County Chamber of Commerce	M/WBEs and non-M/WBEs
Dublin Chamber of Commerce	M/WBEs and non-M/WBEs
Fremont Chamber of Commerce	M/WBEs and non-M/WBEs
Hayward Chamber of Commerce	M/WBEs and non-M/WBEs
Hispanic Chamber of Commerce of Alameda County	M/WBEs
National Association of Women Business Owners	WBEs
City of Oakland African American Chamber of Commerce	M/WBEs
Oakland Chinatown Chamber of Commerce	M/WBEs
Oakland Metropolitan Chamber of Commerce	M/WBEs and non-M/WBEs
Oakland Hispanic Business List	M/WBEs

B. Contractor Outreach

Mason Tillman performed extensive, targeted outreach to businesses and professional and trade associations in the City of Oakland to ensure that all businesses willing to contract with the City were made aware of the Disparity Study. Outreach efforts specifically targeted those ethnic and gender groups underrepresented in the public agency certification lists. Based on experience with previous disparity studies and other research, Mason Tillman had found that Asian and Hispanic owned businesses tended not to register with government certification agencies. These business segments were specifically targeted with the intensive outreach program. The primary strategies used in the outreach campaign were community meetings, presentations at chamber/trade association meetings, meetings with Oakland City Council members, and print, electronic and digital media. In combination these strategies achieved maximum reach to the targeted ethnic and gender groups.

Community Meetings

Two community meetings were held. One was held on March 13 at the Oakland Airport Hilton Hotel, and the other one was held on March 16, 2006 at the Oakland Waterfront Plaza Hotel. To advertise the meetings broadly the City mailed an invitation to City of Oakland licensed business, and published public notices of the two meetings in local ethnic papers. Simultaneous translation services were provided by the City of Oakland's Equal Access service and the availability of the services was promoted in the public notices. Key City department managers participated and provided information on their contracting opportunities. Mason Tillman also contracted with local subconsultants who had expert knowledge and respect in the Hispanic and Asian communities to provide outreach and help ensure that the message reached the target groups. These professionals also made telephone calls 48 hours in advance of the scheduled meetings to encourage the invited businesses to attend. There were 389 attendees at these two meetings. The meetings were scheduled to inform the Oakland business community about the disparity study. The proceedings were not recorded.

Chamber of Commerce/Trade Association Meetings

In addition to the community meetings, briefings were conducted at six chambers/trade associations including the Oakland Metropolitan Chamber of Commerce, the Hispanic Chamber of Commerce of Alameda County, the Oakland Chinatown Chamber of Commerce, the Oakland African American Chamber of Commerce, and local ethnic and trade associations. Following these meetings, an additional two meetings were hosted by our subconsultants. One was with the Asian business community sponsored by Carl Chan, and the other was hosted by the Hispanic Chamber of Commerce of Alameda County. At these meetings, Mason Tillman Associates outlined the research objectives, discussed the data collection process and provided partnership opportunities for the Chamber members to work with the City of Oakland. The success in reaching the City's multi-ethnic business community was due in great part to the extensive outreach campaign and the willingness of the business associations to partner with us to reach their members.

Outreach Materials

Multilingual outreach materials were used to promote the community and chamber/trade association meetings. In addition, all of the informational material, business survey, fact sheet, and website were prepared in Chinese, English, Spanish, and Vietnamese.

C. Determination of Willingness

The term "willingness" refers to a firm's indicated interest in doing government contracting. This term, as it has been used in *Croscon* and its progeny, is discussed in detail in *Volume I*,

Chapter 1 Legal Analysis of this report. Companies identified from the City and other government sources listed in Table 7.01, have demonstrated their willingness to perform on public contracts. These businesses either had bid on City or other government contracts, secured government certification, or responded to the outreach campaign conducted in conjunction with this Study. It is therefore presumed that companies that sought government contracts are willing to provide the goods and services needed by the City.

Companies from the non-government sources listed in Table 7.01 were not presumed to be willing, based on the *Crosby* criteria. These companies were surveyed to determine their willingness to bid on City contracts. The surveyed businesses that indicated an interest in contracting with the City were combined with the market area businesses from the government and outreach lists to create a unique list of willing businesses.

D. Distribution of Available Prime Contractors by Source, Ethnicity, and Gender

Tables 7.02 through 7.06 present the distribution of willing prime contractors. The sources are ranked from prime contractors utilized by a City agency to companies identified during the Study outreach activities. Each company in the distribution of sources is *counted only once*. For example, a utilized prime contractor counted once in the prime contractor utilization source will not be counted a second time as a bidder, as a certified firm, or as a company identified during outreach.

As noted in Table 7.02, 94.58 percent of the businesses on the unique list of available prime contractors were obtained from the City’s records of utilized contractors, bidders, or various government certification lists. Companies identified through the community meeting and willingness survey made up 5.42 percent of the available firms.

Table 7.02 Distribution of Prime Contractor Availability Data Sources, All Industries

Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Source Percentage
Prime Contractor Utilization	22.15%	52.89%	44.66%
Bidders Lists	8.51%	4.55%	5.61%
Certification Lists	48.05%	34.92%	38.44%
SBA Pro-Net	8.34%	4.96%	5.87%
Subtotal	87.05%	97.33%	94.58%
Community Meeting Attendees	3.82%	1.59%	2.19%
Willingness Survey	9.12%	1.08%	3.24%
Subtotal	12.95%	2.67%	5.42%
Grand Total*	100.00%	100.00%	100.00%

* The percentages may not total 100 percent due to rounding.

The distribution of available businesses by source was performed for each industry. As noted in Table 7.03, 83.43 percent of the construction companies identified were derived from the City's records and various government certification lists. Companies identified through the community meeting and willingness survey represent 16.57 percent of the willing firms.

Table 7.03 Distribution of Prime Contractor Availability Data Sources, Construction

Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Source Percentage
Prime Contractor Utilization	14.90%	21.97%	18.50%
Bidders Lists	10.20%	20.45%	15.41%
Certification Lists	43.92%	51.52%	47.78%
SBA Pro-net	2.35%	1.14%	1.73%
Subtotal	71.37%	95.08%	83.43%
Community Meeting Attendees	4.71%	1.89%	3.28%
Willingness Survey	23.92%	3.03%	13.29%
Subtotal	28.63%	4.92%	16.57%
Grand Total*	100.00%	100.00%	100.00%

* The percentages may not total 100 percent due to rounding.

Table 7.04 depicts the data sources for the available architecture and engineering prime contractors. As noted, 98.11 percent of the architecture and engineering prime contractors were obtained from the City's records and various government certification lists. Companies identified through the community meeting and willingness survey represent 1.89 percent of the willing firms.

Table 7.04 Distribution of Prime Contractor Availability Data Sources, Architecture and Engineering

Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Source Percentage
Prime Contractor Utilization	20.74%	12.50%	15.76%
Bidders Lists	29.79%	19.44%	23.53%
Certification Lists	47.34%	62.50%	56.51%
SBA Pro-net	0.53%	3.47%	2.31%
Subtotal	98.40%	97.92%	98.11%
Community Meeting Attendees	0.00%	1.04%	0.63%
Willingness Survey	1.60%	1.04%	1.26%
Subtotal	1.60%	2.08%	1.89%
Grand Total*	100.00%	100.00%	100.00%

* The percentages may not total 100 percent due to rounding.

Table 7.05 depicts the data sources for available professional services prime contractors. As noted, 94.55 percent of the professional services prime contractors were obtained from the City's records and various government certification lists. Companies identified through the community meeting and willingness survey represent 5.45 percent of the willing firms.

Table 7.05 Distribution of Prime Contractor Availability Data Sources, Professional Services

Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Source Percentage
Prime Contractor Utilization	12.95%	21.33%	18.38%
Bidders Lists	5.04%	4.70%	4.82%
Certification Lists	56.12%	60.27%	58.81%
SBA Pro-net	13.31%	12.13%	12.55%
Subtotal	87.41%	98.43%	94.55%
Community Meeting Attendees	6.47%	0.59%	2.66%
Willingness Survey	6.12%	0.98%	2.79%
Subtotal	12.59%	1.57%	5.45%
Grand Total*	100.00%	100.00%	100.00%

* The percentages may not total 100 percent due to rounding.

Table 7.06 depicts the data sources for available goods and other services prime contractors. As noted, 96.28 percent of the goods and other services prime contractors were obtained from City's records and various government certification lists. Companies identified through the community meeting and willingness survey represent 3.72 percent of the willing firms.

Table 7.06 Distribution of Prime Contractor Availability Data Sources, Goods and Other Services

Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Source Percentage
Prime Contractor Utilization	33.56%	70.08%	63.64%
Bidders Lists	2.44%	0.38%	0.74%
Certification Lists	44.00%	22.98%	26.68%
SBA Pro-net	11.56%	3.85%	5.21%
Subtotal	91.56%	97.29%	96.28%
Community Meeting Attendees	3.11%	1.86%	2.08%
Willingness Survey	5.33%	0.86%	1.65%
Subtotal	8.44%	2.71%	3.72%
Grand Total*	100.00%	100.00%	100.00%

* The percentages may not total 100 percent due to rounding.

III. CAPACITY

The second component of the availability requirement set forth in *Croson* is a firm's capacity or ability to work on the contracts awarded by the jurisdiction.² However, capacity requirements are not delineated in *Croson*. In fact, a standard for capacity has only been addressed in a few cases. Each case where capacity has been considered has involved large, competitively bid construction prime contracts. Therefore, in order to assess the capacity of willing market area firms to do business with the City, four approaches were employed.

- The size of all prime contracts awarded by the City was analyzed to determine the capacity needed to perform the average awarded contract
- The largest contracts awarded to M/WBEs were identified to determine demonstrated ability to win large, competitively bid contracts
- The M/WBE certification process was assessed to determine if it meets the standard set in *Contractors Ass'n of Eastern Pennsylvania v. City of Philadelphia (Philadelphia)*,³ which found certification to be a measure of capacity
- The disparity analysis has been restricted to an examination of the prime contract awards in the amount of \$500,000 or less to limit the capacity required to perform the contracts subjected to the statistical analysis

This methodology was sufficient to determine the capacity of the willing market area firms to do business with the City.

A. Size of Prime Contracts Analyzed

In *Associated General Contractors of California v. City of Columbus* and *Engineering Contractors Ass'n of South Florida v. Metropolitan Dade City*, the courts were primarily concerned with the capacity analysis of available businesses to bid on large, competitively bid contracts. It should also be noted that the focus in both cases was on the bidding company's size and ability to perform on large, competitively bid construction contracts.⁴

² *Croson*, 488 U.S. 469.

³ *Contractors Ass'n of Eastern Pennsylvania v. City of Philadelphia*, 6 F.3d 990 (3d Cir. 1993), on remand, 893 F. Supp. 419 (E.D. Penn. 1995), aff'd, 91 F.3d 586 (3d Cir. 1996).

⁴ *Associated General Contractors of California v. City of Columbus*, 936 F. Supp. 1363 (S.D. Ohio 1996), and *Engineering Contractors Ass'n of South Florida v. Metropolitan Dade City*, 943 F. Supp. 1546 (S.D. Fla. 1996), aff'd 122 F.3d 895 (11th Cir. 1997).

The City's construction, architecture and engineering, professional services, and goods and other services contracts were analyzed to determine the size of awarded contracts and, therefore, the capacity required to perform the City's contracts. Business capacity includes, financing, insurance, bonding, and staffing. The size distribution illustrates the fact that limited capacity is needed to perform the overwhelming majority of the City's contracts. The analysis in Table 7.07, which combines all industries, demonstrates that 95.63 percent of the City's contracts were less than \$25,000, 98.56 percent were less than \$100,000, and 99.71 percent were less than \$500,000. Less than 1 percent of the contracts were more than \$500,000.

It should be noted that some of the data was only available as purchase orders with more than one purchase order corresponding to the same contract. In that case, one large contract may also be represented in the data by multiple small purchase orders. Some purchase orders could not be linked to a contract so the number of small contracts may be overstated.

The City's contracts were grouped into eight dollar ranges⁵. Then, the number and percentage of contracts that fall within each of the eight size categories were calculated. The size distribution of contracts awarded to Caucasian Males, was then compared to the size distribution of contracts awarded to Caucasian Females, Minority Females, and Minority Males.

To determine whether the differences in the contract size distribution were statistically significant, a *Chi-squared* test of independence was performed. This test is commonly used when one needs to determine if two variables are dependent, in this case, the test is to determine if the size of the contracts awarded by the City depends on the M/WBE status of contractors. As in most statistical tests, the outcome is a "probability value" or P-value.

P-value is the probability that the observed difference in size distribution is due to chance. P-value is a number between 0 and 1. When a P-value is very small, it means that the differences in the M/WBE and non-M/WBE contract sizes are very unlikely to be a chance occurrence and are very likely to represent an existing pattern. The industry standard is that if a P-value is less than 0.05, or in other words, the probability that a given finding is due to chance is less than 5 percent, the finding is considered statistically significant. "P-value<0.001" means that the probability that the differences in the M/WBE and non-M/WBE contract sizes are due to chance is less than 0.1 percent and indicates a very strong statistical significance.

⁵ The eight dollar ranges are \$1 to \$24,999, \$25,000 to \$49,999, \$50,000 to \$99,999, \$100,000 to \$249,999, \$250,000 to \$499,999, \$500,000 to \$999,999, \$1,000,000 to \$2,999,999, and \$3,000,000 and greater

1. Construction Contracts by Size

Table 7.08 depicts the City's construction contracts awarded within eight dollar ranges. Contracts valued at less than \$25,000 were 64.64 percent; those less than \$100,000 were 79.61 percent; and those less than \$500,000 were 93.91 percent.

The P-value cannot be calculated because of an insufficient number of construction contracts awarded to M/WBEs.

2. Architecture and Engineering Contracts by Size

Table 7.09 depicts the City's architecture and engineering contracts within eight dollar ranges. Contracts valued at less than \$25,000 were 78.77 percent; those less than \$100,000 were 90.57 percent; and those less than \$500,000 were 97.64 percent.

The P-value of <0.05 denotes a significant difference in the size of architecture and engineering contract dollars awarded to the ethnic and gender groups.

3. Professional Services Contracts by Size

Table 7.10 depicts professional services contracts within eight dollar ranges. Contracts valued at less than \$25,000 were 79.65 percent; those less than \$100,000 were 91.37 percent; and those less than \$500,000 were 99.09 percent.

The P-value cannot be calculated because of an insufficient number of professional services contracts awarded to M/WBEs.

4. Goods and Other Services Contracts by Size

Table 7.11 depicts goods and other services contracts within eight dollar ranges. Contracts valued at less than \$25,000 were 97.54 percent; those less than \$100,000 were 99.56 percent; and those less than \$500,000 were 99.93 percent.

The P-value cannot be calculated because of an insufficient number of goods and other services contracts awarded to M/WBEs.

Table 7.07 Prime Contracts by Size: All Industries, July 1, 2002 to June 30, 2005

Size	Caucasian				Minority				Total	
	Females		Males		Females		Males		Freq	Percent
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent		
\$1 - \$24,999	1585	95.48%	19,858	95.94%	1,115	96.62%	1,308	90.58%	23,866	95.63%
\$25,000 - \$49,999	50	3.01%	380	1.84%	16	1.39%	38	2.63%	484	1.94%
\$50,000 - \$99,999	15	0.90%	199	0.96%	11	0.95%	21	1.45%	246	0.99%
\$100,000 - \$249,999	10	0.60%	128	0.62%	6	0.52%	49	3.39%	193	0.77%
\$250,000 - \$499,999	0	0.00%	80	0.39%	3	0.26%	11	0.76%	94	0.38%
\$500,000 - \$999,999	0	0.00%	28	0.14%	0	0.00%	8	0.55%	36	0.14%
\$1,000,000 - \$2,999,999	0	0.00%	21	0.10%	3	0.26%	9	0.62%	33	0.13%
\$3,000,000 and greater	0	0.00%	4	0.02%	0	0.00%	0	0.00%	4	0.02%
Total	1660	100.00%	20698	100.00%	1154	100.00%	1444	100.00%	24956	100.00%

P-Value < 0.001

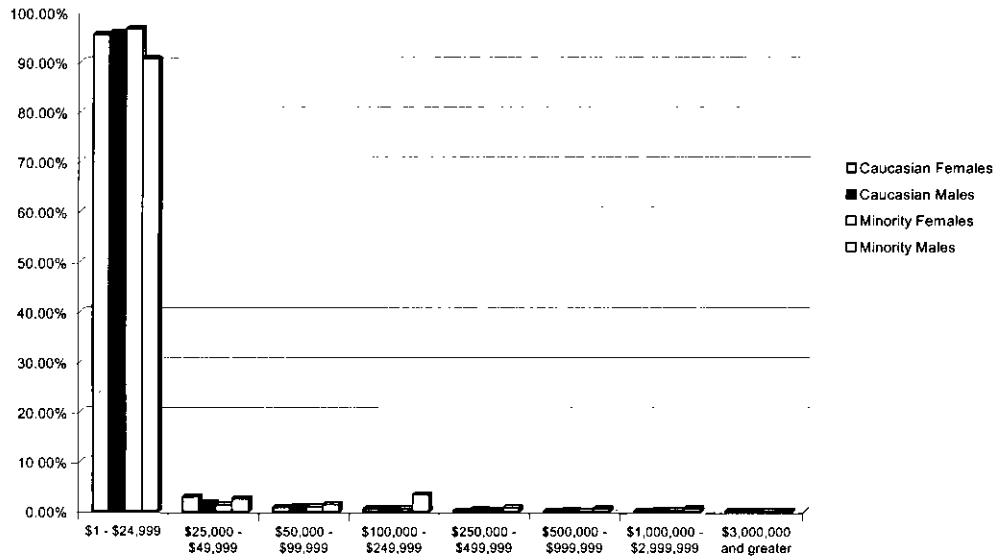


Table 7.08 Construction Prime Contracts by Size: July 1, 2002 to June 30, 2005

Size	Caucasian				Minority				Total	
	Females		Males		Females		Males		Freq	Percent
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent		
\$1 - \$24,999	1	33.33%	319	69.50%	5	45.45%	68	50.37%	393	64.64%
\$25,000 - \$49,999	2	66.67%	39	8.50%	2	18.18%	11	8.15%	54	8.88%
\$50,000 - \$99,999	0	0.00%	29	6.32%	0	0.00%	8	5.93%	37	6.09%
\$100,000 - \$249,999	0	0.00%	25	5.45%	1	9.09%	27	20.00%	53	8.72%
\$250,000 - \$499,999	0	0.00%	23	5.01%	2	18.18%	9	6.67%	34	5.59%
\$500,000 - \$999,999	0	0.00%	12	2.61%	0	0.00%	5	3.70%	17	2.80%
\$1,000,000 - \$2,999,999	0	0.00%	10	2.18%	1	9.09%	7	5.19%	18	2.96%
\$3,000,000 and greater	0	0.00%	2	0.44%	0	0.00%	0	0.00%	2	0.33%
Total	3	100.00%	459	100.00%	11	100.00%	135	100.00%	608	100.00%

Insufficient Data

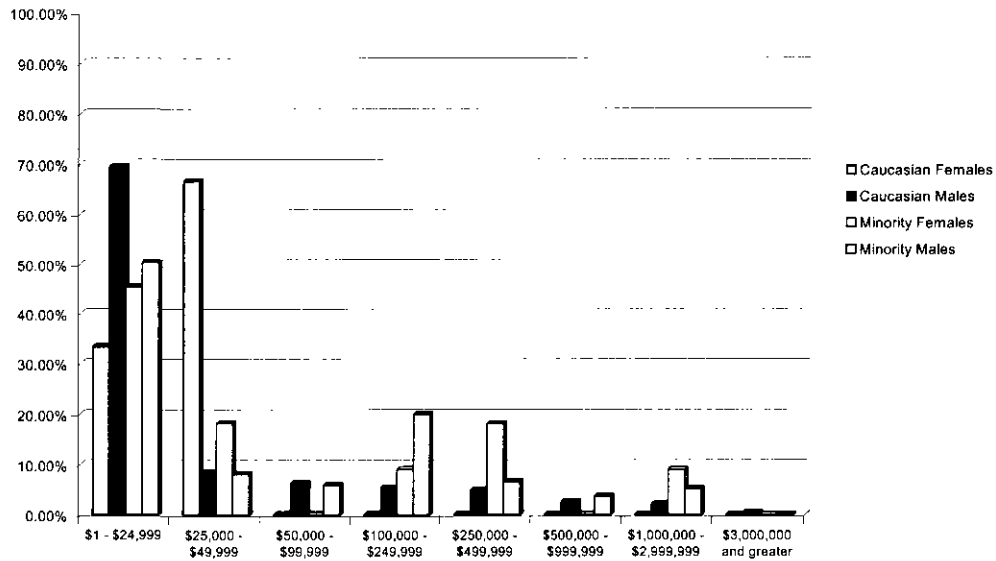
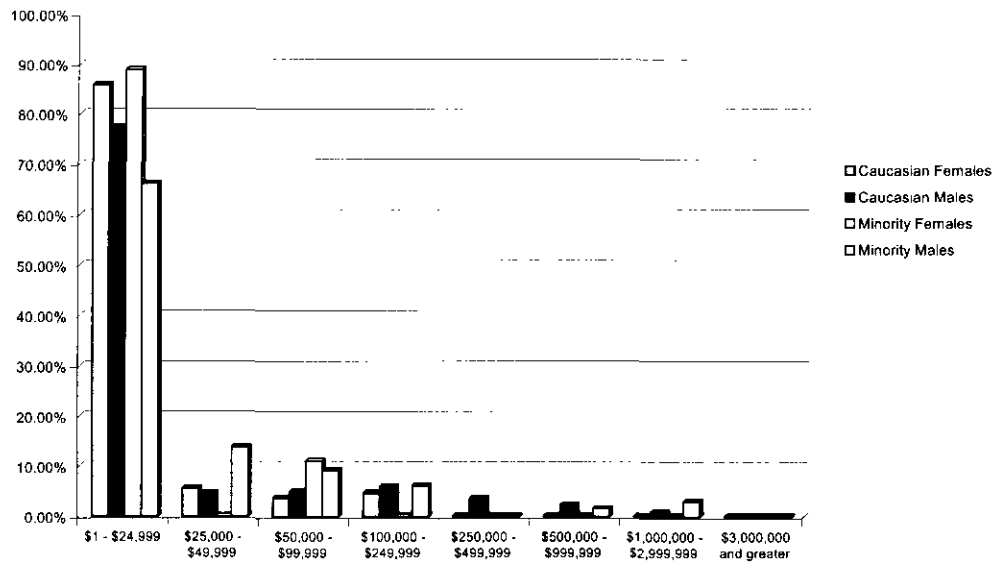


Table 7.09 Architecture and Engineering Prime Contracts by Size: July 1, 2002 to June 30, 2005

Size	Caucasian				Minority				Total	
	Females		Males		Females		Males		Freq	Percent
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent		
\$1 - \$24,999	91	85.85%	168	77.42%	32	88.89%	43	66.15%	334	78.77%
\$25,000 - \$49,999	6	5.66%	10	4.61%	0	0.00%	9	13.85%	25	5.90%
\$50,000 - \$99,999	4	3.77%	11	5.07%	4	11.11%	6	9.23%	25	5.90%
\$100,000 - \$249,999	5	4.72%	13	5.99%	0	0.00%	4	6.15%	22	5.19%
\$250,000 - \$499,999	0	0.00%	8	3.69%	0	0.00%	0	0.00%	8	1.89%
\$500,000 - \$999,999	0	0.00%	5	2.30%	0	0.00%	1	1.54%	6	1.42%
\$1,000,000 - \$2,999,999	0	0.00%	2	0.92%	0	0.00%	2	3.08%	4	0.94%
\$3,000,000 and greater	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	106	100.00%	217	100.00%	36	100.00%	65	100.00%	424	100.00%

P-Value < 0.05



**Table 7.10 Professional Services Prime Contracts by Size:
July 1, 2002 to June 30, 2005**

Size	Caucasian				Minority				Total	
	Females		Males		Females		Males		Freq	Percent
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent		
\$1 - \$24,999	66	95.65%	730	77.99%	44	91.67%	37	77.08%	877	79.65%
\$25,000 - \$49,999	1	1.45%	53	5.66%	0	0.00%	1	2.08%	55	5.00%
\$50,000 - \$99,999	0	0.00%	69	7.37%	2	4.17%	3	6.25%	74	6.72%
\$100,000 - \$249,999	2	2.90%	49	5.24%	2	4.17%	3	6.25%	56	5.09%
\$250,000 - \$499,999	0	0.00%	27	2.88%	0	0.00%	2	4.17%	29	2.63%
\$500,000 - \$999,999	0	0.00%	4	0.43%	0	0.00%	2	4.17%	6	0.54%
\$1,000,000 - \$2,999,999	0	0.00%	4	0.43%	0	0.00%	0	0.00%	4	0.36%
\$3,000,000 and greater	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	69	100.00%	936	100.00%	48	100.00%	48	100.00%	1101	100.00%

Insufficient Data

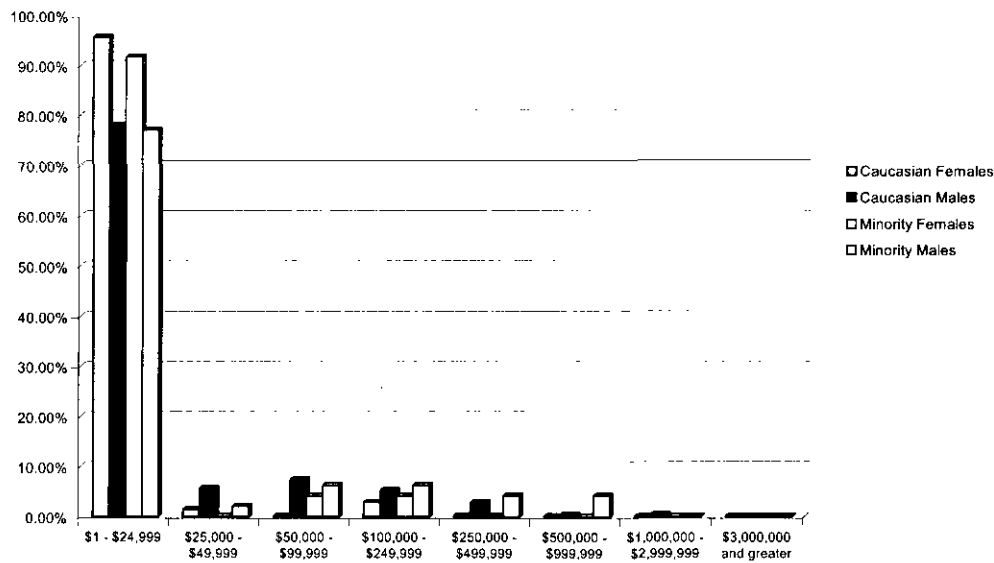
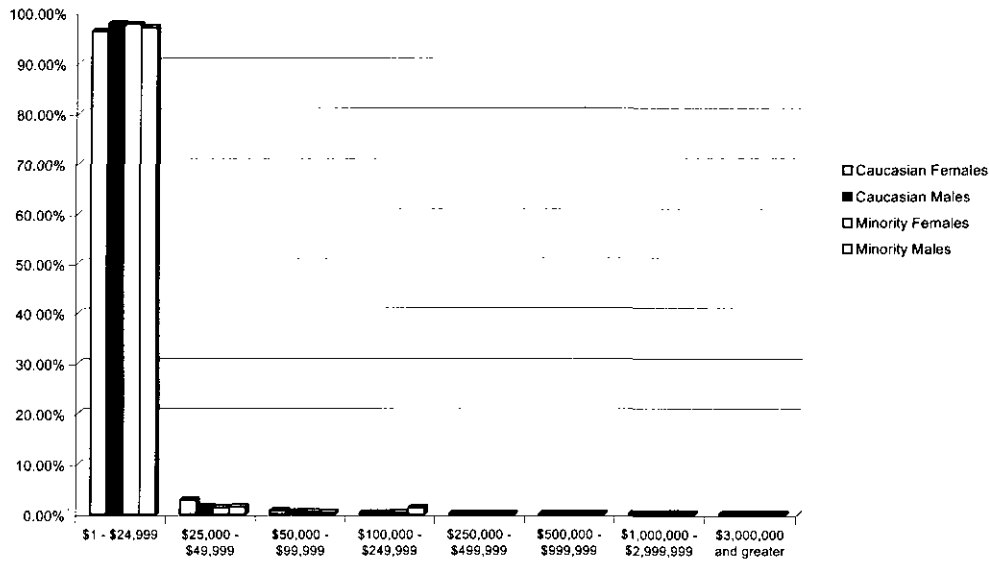


Table 7.11 Goods and Other Services Prime Contracts by Size: July 1, 2002 to June 30, 2005

Size	Caucasian				Minority				Total	
	Females		Males		Females		Males		Freq	Percent
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent		
\$1 - \$24,999	1427	96.29%	18,641	97.67%	1,034	97.64%	1,160	96.99%	22,262	97.54%
\$25,000 - \$49,999	41	2.77%	278	1.46%	14	1.32%	17	1.42%	350	1.53%
\$50,000 - \$99,999	11	0.74%	90	0.47%	5	0.47%	4	0.33%	110	0.48%
\$100,000 - \$249,999	3	0.20%	41	0.21%	3	0.28%	15	1.25%	62	0.27%
\$250,000 - \$499,999	0	0.00%	22	0.12%	1	0.09%	0	0.00%	23	0.10%
\$500,000 - \$999,999	0	0.00%	7	0.04%	0	0.00%	0	0.00%	7	0.03%
\$1,000,000 - \$2,999,999	0	0.00%	5	0.03%	2	0.19%	0	0.00%	7	0.03%
\$3,000,000 and greater	0	0.00%	2	0.01%	0	0.00%	0	0.00%	2	0.01%
Total	1482	100.00%	19086	100.00%	1059	100.00%	1196	100.00%	22823	100.00%

Insufficient Data



B. Largest M/WBE Prime Contract Awards by Industry

The distribution of the largest M/WBE prime contracts awarded is depicted in Table 7.12 below. In each industry, M/WBEs were awarded very large, competitively bid contracts. The utilization analysis shows that M/WBEs demonstrated the capacity to successfully compete for contracts as large as \$1.9 million in construction, \$1.3 million in architecture and engineering, \$0.6 million in professional services, and \$1.1 million in goods and other services.

Table 7.12 Largest M/WBE Prime Contract Awards by Industry

Ethnic Group	Largest Prime Contract Value			
	Construction	Architecture and Engineering	Professional Services	Goods and Other Services
African Americans	\$1,162,041	\$50,000	\$224,621	\$194,156
Asian Americans	\$1,454,848	\$1,356,275	\$643,812	\$179,250
Hispanic Americans	\$1,992,352	\$128,110	\$598,080	\$1,125,397
Native Americans	\$0	\$0	\$4,500	\$754
Caucasian Females	\$48,380	\$165,000	\$244,834	\$140,352
M/WBEs	\$1,992,352	\$1,356,275	\$643,812	\$1,125,397

C. City of Oakland Certification Standards

Philadelphia is the only appellate court decision to address the merits of certification as a measure of capacity.⁶ The court found that programs certifying MBEs for the City of Philadelphia construction projects funded by the United States Department of Transportation (USDOT) satisfied the determination of a firm’s capability. Thus, a certification process which reviews the qualifications of an applicant using the standards set forth in the USDOT regulations, 49 Code of Federal Regulations Part 26, would be sufficient to demonstrate the capability of MBEs.

⁶ *Contractors Ass’n of Eastern Pennsylvania v. City of Philadelphia*, 6 F.3d 990 (3d Cir. 1993), on remand, 893 F. Supp. 419 (E.D. Penn. 1995), affd, 91 F.3d 586 (3d Cir. 1996).

IV. PRIME CONTRACTOR AVAILABILITY ANALYSIS

The analysis of the City's contracts demonstrates that the capacity needed to perform on most of the contracts is limited. Additionally, the M/WBE firms awarded the City's contracts demonstrate the capacity to win competitively bid large contracts in each of the four industries.

The prime contractor availability findings are summarized below.

A. Construction Prime Contractor Availability

The distribution of available construction prime contractors is summarized in Table 7.13 below:

African Americans account for 20.62 percent of the construction firms in the City's market area.

Asian Americans account for 7.13 percent of the construction firms in the City's market area.

Hispanic Americans account for 18.11 percent of the construction firms in the City's market area.

Native Americans account for 0.19 percent of the construction firms in the City's market area.

Minority Business Enterprises account for 46.05 percent of the construction firms in the City's market area.

Women Business Enterprises account for 3.08 percent of the construction firms in the City's market area.

Minority and Women Business Enterprises account for 49.13 percent of the construction firms in the City's market area.

Caucasian Male Business Enterprises account for 50.87 percent of the construction firms in the City's market area.

Table 7.13 Available Construction Prime Contractors

Ethnicity	Percent of Businesses
African Americans	20.62%
Asian Americans	7.13%
Hispanic Americans	18.11%
Native Americans	0.19%
Caucasian Females	3.08%
Caucasian Males	50.87%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	3.08%
African American Males	17.53%
Asian American Females	1.54%
Asian American Males	5.59%
Hispanic American Females	1.35%
Hispanic American Males	16.76%
Native American Females	0.00%
Native American Males	0.19%
Caucasian Females	3.08%
Caucasian Males	50.87%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	5.97%
Minority Males	40.08%
Caucasian Females	3.08%
Caucasian Males	50.87%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	46.05%
Women Business Enterprises	3.08%
Minority and Women Business Enterprises	49.13%
Caucasian Male Business Enterprises	50.87%
TOTAL	100.00%

B. Architecture and Engineering Prime Contractor Availability

The distribution of available architecture and engineering prime contractors is summarized in Table 7.14.

African Americans account for 6.93 percent of the architecture and engineering firms in the City's market area.

Asian Americans account for 18.07 percent of the architecture and engineering firms in the City's market area.

Hispanic Americans account for 4.62 percent of the architecture and engineering firms in the City's market area.

Native Americans account for none of the architecture and engineering firms in the City's market area.

Minority Business Enterprises account for 29.62 percent of the architecture and engineering firms in the City's market area.

Women Business Enterprises account for 9.24 percent of the architecture and engineering firms in the City's market area.

Minority and Women Business Enterprises account for 38.87 percent of the architecture and engineering firms in the City's market area.

Caucasian Male Business Enterprises account for 61.13 percent of the architecture and engineering firms in City's market area.

Table 7.14 Available Architecture and Engineering Prime Contractors

Ethnicity	Percent of Businesses
African Americans	6.93%
Asian Americans	18.07%
Hispanic Americans	4.62%
Native Americans	0.00%
Caucasian Females	9.24%
Caucasian Males	61.13%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	0.63%
African American Males	6.30%
Asian American Females	4.62%
Asian American Males	13.45%
Hispanic American Females	0.63%
Hispanic American Males	3.99%
Native American Females	0.00%
Native American Males	0.00%
Caucasian Females	9.24%
Caucasian Males	61.13%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	5.88%
Minority Males	23.74%
Caucasian Females	9.24%
Caucasian Males	61.13%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	29.62%
Women Business Enterprises	9.24%
Minority and Women Business Enterprises	38.87%
Caucasian Male Business Enterprises	61.13%
TOTAL	100.00%

C. Professional Services Prime Contractor Availability

The distribution of available professional services prime contractors is summarized in Table 7.15 below:

African Americans account for 14.7 percent of the professional services firms in the City's market area.

Asian Americans account for 7.22 percent of the professional services firms in the City's market area.

Hispanic Americans account for 2.53 percent of the professional services firms in the City's market area.

Native Americans account for 0.51 percent of the professional services firms in the City's market area.

Minority Business Enterprises account for 24.97 percent of the professional services firms in the City's market area.

Women Business Enterprises account for 10.27 percent of the professional services firms in the City's market area.

Minority and Women Business Enterprises account for 35.23 percent of the professional services firms in the City's market area.

Caucasian Male Business Enterprises account for 64.77 percent of the professional services firms in the City's market area.

Table 7.15 Available Professional Services Prime Contractors

Ethnicity	Percent of Businesses
African Americans	14.70%
Asian Americans	7.22%
Hispanic Americans	2.53%
Native Americans	0.51%
Caucasian Females	10.27%
Caucasian Males	64.77%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	6.46%
African American Males	8.24%
Asian American Females	3.04%
Asian American Males	4.18%
Hispanic American Females	1.01%
Hispanic American Males	1.52%
Native American Females	0.25%
Native American Males	0.25%
Caucasian Females	10.27%
Caucasian Males	64.77%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	10.77%
Minority Males	14.20%
Caucasian Females	10.27%
Caucasian Males	64.77%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	24.97%
Women Business Enterprises	10.27%
Minority and Women Business Enterprises	35.23%
Caucasian Male Business Enterprises	64.77%
TOTAL	100.00%

D. Goods and Other Services Prime Contractor Availability

The distribution of available goods and other services prime contractors is summarized in Table 7.16.

African Americans account for 6.66 percent of the goods and other services firms in the City's market area.

Asian Americans account for 4.35 percent of the goods and other services firms in the City's market area.

Hispanic Americans account for 1.88 percent of the goods and other services firms in the City's market area.

Native American Businesses account for 0.12 percent of the goods and other services firms in the City's market area.

Minority Business Enterprises account for 13.01 percent of the goods and other services firms in the City's market area.

Women Business Enterprises account for 4.62 percent of the goods and other services firms in the City's market area.

Minority Women Business Enterprises account for 17.63 percent of the goods and other services firms in the City's market area.

Caucasian Male Business Enterprises account for 82.37 percent of the goods and other services firms in the City's market area.

Table 7.16 Available Goods and Other Services Prime Contractors

Ethnicity	Percent of Businesses
African Americans	6.66%
Asian Americans	4.35%
Hispanic Americans	1.88%
Native Americans	0.12%
Caucasian Females	4.62%
Caucasian Males	82.37%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	2.59%
African American Males	4.08%
Asian American Females	1.06%
Asian American Males	3.29%
Hispanic American Females	0.47%
Hispanic American Males	1.41%
Native American Females	0.04%
Native American Males	0.08%
Caucasian Females	4.62%
Caucasian Males	82.37%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	4.15%
Minority Males	8.86%
Caucasian Females	4.62%
Caucasian Males	82.37%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	13.01%
Women Business Enterprises	4.62%
Minority and Women Business Enterprises	17.63%
Caucasian Male Business Enterprises	82.37%
TOTAL	100.00%

V. SUBCONTRACTOR AVAILABILITY ANALYSIS

A. Sources of Potentially Willing and Able Subcontractors and Availability

All available prime contractors were also included in the calculation of subcontractor availability. Additional subcontractors in the City's market area were identified using the sources in Table 7.17.

Table 7.17 Unique Subcontractor Availability Data Sources

Type Record	Type Information
<ul style="list-style-type: none">• Subcontracting records provided by the City	<ul style="list-style-type: none">• M/WBEs and non-M/WBEs
<ul style="list-style-type: none">• Prime contractor survey which identified subcontractors utilized by the City	<ul style="list-style-type: none">• M/WBEs and non-M/WBEs

B. Determination of Willingness and Capacity

Subcontractor availability was limited to businesses determined to be willing and able to perform as prime contractors and businesses utilized as subcontractors; therefore, the determination of willingness was achieved. *Croson* does not require a measure of subcontractor capacity; therefore, it is not necessary to address capacity issues in the context of subcontractors.

C. Construction Subcontractor Availability

The distribution of available construction subcontractors is summarized in Table 7.18.

African Americans account for 18.89 percent of the construction firms in the City's market area.

Asian Americans account for 7.2 percent of the construction firms in the City's market area.

Hispanic Americans account for 14.13 percent of the construction firms in the City's market area.

Native Americans account for 0.14 percent of the construction firms in the City's market area.

Minority Business Enterprises account for 40.35 percent of the construction firms in the City's market area.

Women Business Enterprises account for 3.4 percent of the construction firms in the City's market area.

Minority and Women Business Enterprises account for 43.75 percent of the construction firms in the City's market area.

Caucasian Male Business Enterprises account for 56.25 percent of the construction firms in the City's market area.

Table 7.18 Available Construction Subcontractors

Ethnicity	Percent of Businesses
African Americans	18.89%
Asian Americans	7.20%
Hispanic Americans	14.13%
Native Americans	0.14%
Caucasian Females	3.40%
Caucasian Males	56.25%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	2.58%
African American Males	16.30%
Asian American Females	1.90%
Asian American Males	5.30%
Hispanic American Females	0.95%
Hispanic American Males	13.18%
Native American Females	0.00%
Native American Males	0.14%
Caucasian Females	3.40%
Caucasian Males	56.25%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	5.43%
Minority Males	34.92%
Caucasian Females	3.40%
Caucasian Males	56.25%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	40.35%
Women Business Enterprises	3.40%
Minority and Women Business Enterprises	43.75%
Caucasian Male Business Enterprises	56.25%
TOTAL	100.00%

**D. **Architecture and Engineering
Subcontractor Availability****

The distribution of available architecture and engineering subcontractors is summarized in Table 7.19.

African Americans account for 9.74 percent of the architecture and engineering firms in the City's market area.

Asian Americans account for 16.24 percent of the architecture and engineering firms in the City's market area.

Hispanic Americans account for 4.27 percent of the architecture and engineering firms in the City's market area.

Native Americans account for 0.17 percent of the architecture and engineering firms in the City's market area.

Minority Business Enterprises account for 30.43 percent of the architecture and engineering firms in the City's market area.

Women Business Enterprises account for 10.26 percent of the architecture and engineering firms in the City's market area.

Minority and Women Business Enterprises account for 40.68 percent of the architecture and engineering firms in the City's market area.

Caucasian Male Business Enterprises account for 59.32 percent of the architecture and engineering firms in the City's market area.

Table 7.19 Available Architecture and Engineering Subcontractors

Ethnicity	Percent of Businesses
African Americans	9.74%
Asian Americans	16.24%
Hispanic Americans	4.27%
Native Americans	0.17%
Caucasian Females	10.26%
Caucasian Males	59.32%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	1.37%
African American Males	8.38%
Asian American Females	3.93%
Asian American Males	12.31%
Hispanic American Females	0.51%
Hispanic American Males	3.76%
Native American Females	0.00%
Native American Males	0.17%
Caucasian Females	10.26%
Caucasian Males	59.32%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	5.81%
Minority Males	24.62%
Caucasian Females	10.26%
Caucasian Males	59.32%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	30.43%
Women Business Enterprises	10.26%
Minority and Women Business Enterprises	40.68%
Caucasian Male Business Enterprises	59.32%
TOTAL	100.00%

E. Professional Services Subcontractor Availability

The distribution of available professional services subcontractors is summarized in Table 7.20.

African Americans account for 14.46 percent of the professional services firms in the City's market area.

Asian Americans account for 7.79 percent of the professional services firms in the City's market area.

Hispanic Americans account for 3 percent of the professional services firms in the City's market area.

Native Americans account for 0.33 percent of the professional services firms in the City's market area.

Minority Business Enterprises account for 25.58 percent of the professional services firms in the City's market area.

Women Business Enterprises account for 10.01 percent of the professional services in the City's market area.

Minority and Women Business Enterprises account for 35.6 percent of the professional services firms in the City's market area.

Caucasian Male Business Enterprises account for 64.4 percent of the professional services firms in the City's market area.

Table 7.20 Available Professional Services Subcontractors

Ethnicity	Percent of Businesses
African Americans	14.46%
Asian Americans	7.79%
Hispanic Americans	3.00%
Native Americans	0.33%
Caucasian Females	10.01%
Caucasian Males	64.40%
TOTAL	100.00%
Ethnicity and Gender	Percent of Businesses
African American Females	6.23%
African American Males	8.23%
Asian American Females	3.11%
Asian American Males	4.67%
Hispanic American Females	1.00%
Hispanic American Males	2.00%
Native American Females	0.11%
Native American Males	0.22%
Caucasian Females	10.01%
Caucasian Males	64.40%
TOTAL	100.00%
Minority and Gender	Percent of Businesses
Minority Females	10.46%
Minority Males	15.13%
Caucasian Females	10.01%
Caucasian Males	64.40%
TOTAL	100.00%
Minority and Females	Percent of Businesses
Minority Business Enterprises	25.58%
Women Business Enterprises	10.01%
Minority and Women Business Enterprises	35.60%
Caucasian Male Business Enterprises	64.40%
TOTAL	100.00%



8

PRIME CONTRACTOR DISPARITY ANALYSIS

I. INTRODUCTION

The objective of the disparity analysis is to determine the level minority and woman-owned business enterprises (M/WBEs) were utilized on the City of Oakland and Redevelopment Agency (City) contracts. Under a fair and equitable system of awarding contracts, the proportion of contract dollars awarded to M/WBEs would be approximate to the proportion of available M/WBEs¹ in the relevant market area. If the available M/WBEs businesses are underutilized, a statistical test can determine the probability that the disparity is due to chance. If there is a low probability that the disparity is due to chance,² *Croson* states that an inference of discrimination can be made.

The first step in conducting a statistical test of disparity is to calculate the contract value that each ethnic/gender group is expected to receive, based on each group's availability in the market area. This value shall be referred to as the **expected contract amount**. The next step is to compute the difference between the expected contract amount of each ethnic/gender group and the **actual contract amount** received by each group.

¹ Availability is defined as the number of willing and able firms. The methodology for determining willing and able firms is detailed in Chapter 7.

² When conducting statistical tests, a confidence level must be established as a gauge for the level of certainty that an observed occurrence is not due to chance. It is important to note that a 100 percent confidence level or a level of absolute certainty can never be obtained in statistics. A 95 percent confidence level is considered by the courts to be an acceptable level in determining whether an inference of discrimination can be made. Thus, the data analyzed here was done within the 95 percent confidence level.

A disparity ratio less than 0.80 indicates a relevant degree of disparity. This disparity may be detected using a parametric analysis,³ where the number of contracts is sufficiently large and the variation of the contract amount is not too large. When the variation in contract dollar amounts is high, a disparity may not be detectable. Under the condition when the variation in contract dollar amounts is high, a non-parametric analysis⁴ would be employed to analyze the contracts ranked by dollar amount.

In order to assess whether the difference in contract values is attributable to chance, a P-value⁵ is calculated. The P-value takes into account the number of contracts, amount of contract dollars, and variation in contract dollars. If the difference between the actual and expected number of contracts and total contract dollars has a P-value of less than 0.05, the difference is statistically significant.⁶

There are two critical constraints in performing statistical tests of significance. First, the size of the population affects the reliability of the results. In other words, a relatively small population size, whether in terms of the total number of contracts or the total number of available businesses, decreases the reliability of the statistical results. Second, although an inference of discrimination cannot be made if statistical significance is not obtained from the test, one cannot infer from the results that there was no discrimination. Thus, the results of the statistical disparity analysis are necessarily influenced by the size of the population in each industry and ethnic/gender category. Where the results are not statistically significant, the existence of discrimination *cannot* be ruled out. Given these limitations, the anecdotal data has an especially important role in explaining the conditions of discrimination that might exist in the market area.

The analysis of the value of prime contract dollars for each ethnic and gender group incorporates the number of prime contracts awarded. Hence, the disparity analysis for the value of prime contract dollars awarded reflects an analysis of both the number of prime contracts awarded and the value of the prime contract dollars received by each ethnic/gender group.

It is important to note that the findings of statistical significance may be counterintuitive. It is not infrequent that the same disparity ratio, or the same difference between the

³ Parametric analysis is a statistical examination based on the actual values of the variable. In this case, the parametric analysis consists of the actual dollar values of the contracts.

⁴ Non-parametric analysis is a method to make data more suitable for statistical testing by allowing one variable to be replaced with a new variable that maintains the essential characteristics of the original one. In this case, the contracts are ranked from the smallest to the largest. The dollar value of each contract is replaced with its rank order number.

⁵ P-value is a measure of statistical significance.

⁶ The study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

utilization percentage and the availability percentage is statistically significant in one industry and not statistically significant in another.

The test of statistical significance determines whether the difference between the actual dollars and the expected dollars exceeds two standard deviations. However, the standard deviation is calculated separately by industry for each ethnic and gender group. For each industry studied the calculation of the standard deviation is based on the total number of contracts and dollars analyzed in the Study and each ethnic and gender groups respective percentage of availability. Therefore, the findings of statistical significance are influenced by the percentage of availability for each ethnic and gender group in the industry. In effect, across the industries, similar utilization patterns with different availability patterns could yield different findings of statistical significance.

II. DISPARITY ANALYSIS

Prime contract disparity analysis was performed on construction, architecture and engineering, professional services, and goods and other services contracts awarded between July 1, 2002 and June 30, 2005.

As demonstrated in *Chapter 7: Availability Analysis*, the majority of the City's contracts were small with 95.63 percent under \$25,000 and 98.56 percent under \$100,000. The fact that the majority of the City's contracts were small suggests that the capacity needed to perform most of the contracts awarded during the study period was minimal. There is also evidence that the willing firms had the capacity to perform contracts in excess of \$500,000. Therefore, a threshold of \$500,000 was set for the prime contract disparity analysis to ensure that willing firms had the capacity to perform contracts included in the analysis. The prime contract disparity findings in the four industries under consideration are summarized below.

A. Disparity Analysis: All Contracts under \$500,000, by Industry

1. Construction Prime Contracts under \$500,000

The disparity analysis of all construction prime contracts under \$500,000 is depicted in Table 8.01 and Chart 8.01.

African American Businesses represent 20.62 percent of the available construction firms and received 7.86 percent of the construction prime contracts under \$500,000. This underutilization is statistically significant.

Asian American Businesses represent 7.13 percent of the available construction firms and received 12.45 percent of the construction prime contracts under \$500,000. This study does not test statistically the overutilization of minority groups.

Hispanic American Businesses represent 18.11 percent of the available construction firms and received 15.64 percent of the construction prime contracts under \$500,000. This underutilization is not statistically significant.

Native American Businesses represent 0.19 percent of the available construction firms and received none of the construction prime contracts under \$500,000. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 46.05 percent of the available construction firms and received 35.94 percent of the construction prime contracts under \$500,000. This underutilization is statistically significant.

Women Business Enterprises represent 3.08 percent of the available construction firms and received 0.35 percent of the construction prime contracts under \$500,000. This underutilization is statistically significant.

Minority and Women Business Enterprises represent 49.13 percent of available construction firms and received 36.29 percent of the construction prime contracts under \$500,000. This underutilization is statistically significant.

Caucasian Male Business Enterprises represent 50.87 percent of the available construction firms and received 63.71 percent of the construction prime contracts under \$500,000. This overutilization is statistically significant.

Table 8.01 Disparity Analysis: Construction Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$2,131,793	7.86%	20.62%	\$5,593,574	-\$3,461,782	0.38	< .05 *
Asian Americans	\$3,377,016	12.45%	7.13%	\$1,934,227	\$1,442,790	1.75	**
Hispanic Americans	\$4,242,889	15.64%	18.11%	\$4,913,981	-\$671,093	0.86	not significant
Native Americans	\$0	0.00%	0.19%	\$52,276	-\$52,276	0.00	----
Caucasian Females	\$94,280	0.35%	3.08%	\$836,422	-\$742,142	0.11	< .05 *
Caucasian Males	\$17,285,472	63.71%	50.87%	\$13,800,969	\$3,484,504	1.25	< .05 †
TOTAL	\$27,131,450	100.00%	100.00%	\$27,131,450			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$573,211	2.11%	3.08%	\$836,422	-\$263,211	0.69	not significant
African American Males	\$1,558,582	5.74%	17.53%	\$4,757,152	-\$3,198,570	0.33	< .05 *
Asian American Females	\$593	0.00%	1.54%	\$418,211	-\$417,619	0.00	not significant
Asian American Males	\$3,376,424	12.44%	5.59%	\$1,516,016	\$1,860,408	2.23	**
Hispanic American Females	\$479,196	1.77%	1.35%	\$365,935	\$113,262	1.31	**
Hispanic American Males	\$3,763,692	13.87%	16.76%	\$4,548,047	-\$784,354	0.83	not significant
Native American Females	\$0	0.00%	0.00%	\$0	\$0	----	----
Native American Males	\$0	0.00%	0.19%	\$52,276	-\$52,276	0.00	----
Caucasian Females	\$94,280	0.35%	3.08%	\$836,422	-\$742,142	0.11	< .05 *
Caucasian Males	\$17,285,472	63.71%	50.87%	\$13,800,969	\$3,484,504	1.25	< .05 †
TOTAL	\$27,131,450	100.00%	100.00%	\$27,131,450			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$1,053,000	3.88%	5.97%	\$1,620,568	-\$567,568	0.65	not significant
Minority Males	\$8,698,697	32.06%	40.08%	\$10,873,490	-\$2,174,793	0.80	< .05 *
Caucasian Females	\$94,280	0.35%	3.08%	\$836,422	-\$742,142	0.11	< .05 *
Caucasian Males	\$17,285,472	63.71%	50.87%	\$13,800,969	\$3,484,504	1.25	< .05 †
TOTAL	\$27,131,450	100.00%	100.00%	\$27,131,450			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$9,751,698	35.94%	46.05%	\$12,494,059	-\$2,742,361	0.78	< .05 *
Women Business Enterprises	\$94,280	0.35%	3.08%	\$836,422	-\$742,142	0.11	< .05 *
Minority and Women Business Enterprises	\$9,845,978	36.29%	49.13%	\$13,330,481	-\$3,484,504	0.74	< .05 *
Caucasian Male Business Enterprises	\$17,285,472	63.71%	50.87%	\$13,800,969	\$3,484,504	1.25	< .05 †

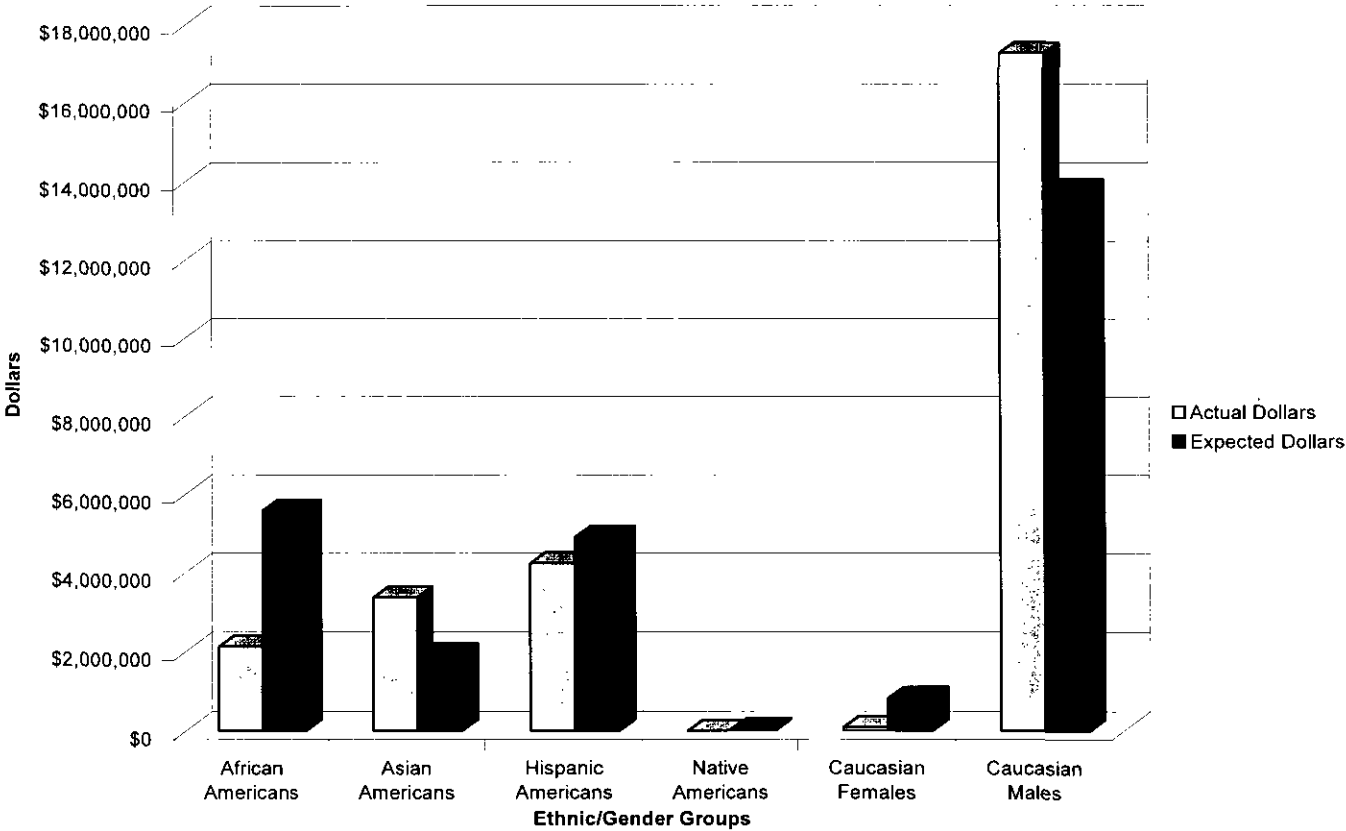
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.01 Disparity Analysis: Construction Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005



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2. Architecture and Engineering Prime Contracts under \$500,000

The disparity analysis of all architecture and engineering prime contracts under \$500,000 is depicted in Table 8.02 and Chart 8.02.

African American Businesses represent 6.93 percent of the available architecture and engineering firms and received 3.26 percent of the architecture and engineering prime contracts under \$500,000. This underutilization is not statistically significant.

Asian American Businesses represent 18.07 percent of the available architecture and engineering firms and received 11.74 percent of the architecture and engineering prime contracts under \$500,000. This underutilization is not statistically significant.

Hispanic American Businesses represent 4.62 percent of the available architecture and engineering firms and received 4.07 percent of the architecture and engineering prime contracts under \$500,000. This underutilization is not statistically significant.

Native American Businesses represent none of the available architecture and engineering firms under \$500,000 and received none of the architecture and engineering contracts under \$500,000. There were no contracts or available firms to determine statistical significance.

Minority Business Enterprises represent 29.62 percent of the available architecture and engineering firms and received 19.06 percent of the architecture and engineering prime contracts under \$500,000. This underutilization is statistically significant.

Women Business Enterprises represent 9.24 percent of the available architecture and engineering firms and received 16.3 percent of the architecture and engineering prime contracts under \$500,000. This study does not test statistically the overutilization of women business groups.

Minority and Women Business Enterprises represent 38.87 percent of the available architecture and engineering firms and received 35.36 percent of the architecture and engineering prime contracts under \$500,000. This underutilization is not statistically significant.

Caucasian Male Business Enterprises represent 61.13 percent of the available architecture and engineering firms and received 64.64 percent of the architecture and engineering prime contracts under \$500,000. This overutilization is not statistically significant.

Table 8.02 Disparity Analysis: Architecture and Engineering Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$355,608	3.26%	6.93%	\$756,954	-\$401,347	0.47	not significant
Asian Americans	\$1,281,539	11.74%	18.07%	\$1,972,669	-\$691,130	0.65	not significant
Hispanic Americans	\$443,880	4.07%	4.62%	\$504,636	-\$60,756	0.88	not significant
Native Americans	\$0	0.00%	0.00%	\$0	\$0	----	----
Caucasian Females	\$1,779,597	16.30%	9.24%	\$1,009,273	\$770,324	1.76	**
Caucasian Males	\$7,057,870	64.64%	61.13%	\$6,674,962	\$382,908	1.06	not significant
TOTAL	\$10,918,494	100.00%	100.00%	\$10,918,494			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$131,351	1.20%	0.63%	\$68,814	\$62,537	1.91	**
African American Males	\$224,257	2.05%	6.30%	\$688,140	-\$463,883	0.33	not significant
Asian American Females	\$213,724	1.96%	4.62%	\$504,636	-\$290,912	0.42	not significant
Asian American Males	\$1,067,815	9.78%	13.45%	\$1,468,033	-\$400,218	0.73	not significant
Hispanic American Females	\$18,182	0.17%	0.63%	\$68,814	-\$50,632	0.26	----
Hispanic American Males	\$425,698	3.90%	3.99%	\$435,822	-\$10,124	0.98	not significant
Native American Females	\$0	0.00%	0.00%	\$0	\$0	----	----
Native American Males	\$0	0.00%	0.00%	\$0	\$0	----	----
Caucasian Females	\$1,779,597	16.30%	9.24%	\$1,009,273	\$770,324	1.76	**
Caucasian Males	\$7,057,870	64.64%	61.13%	\$6,674,962	\$382,908	1.06	not significant
TOTAL	\$10,918,494	100.00%	100.00%	\$10,918,494			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$363,256	3.33%	5.88%	\$642,264	-\$279,008	0.57	not significant
Minority Males	\$1,717,770	15.73%	23.74%	\$2,591,995	-\$874,225	0.66	< .05 *
Caucasian Females	\$1,779,597	16.30%	9.24%	\$1,009,273	\$770,324	1.76	**
Caucasian Males	\$7,057,870	64.64%	61.13%	\$6,674,962	\$382,908	1.06	not significant
TOTAL	\$10,918,494	100.00%	100.00%	\$10,918,494			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$2,081,027	19.06%	29.62%	\$3,234,260	-\$1,153,233	0.64	< .05 *
Women Business Enterprises	\$1,779,597	16.30%	9.24%	\$1,009,273	\$770,324	1.76	**
Minority and Women Business Enterprises	\$3,860,624	35.36%	38.87%	\$4,243,532	-\$382,908	0.91	not significant
Caucasian Male Business Enterprises	\$7,057,870	64.64%	61.13%	\$6,674,962	\$382,908	1.06	not significant

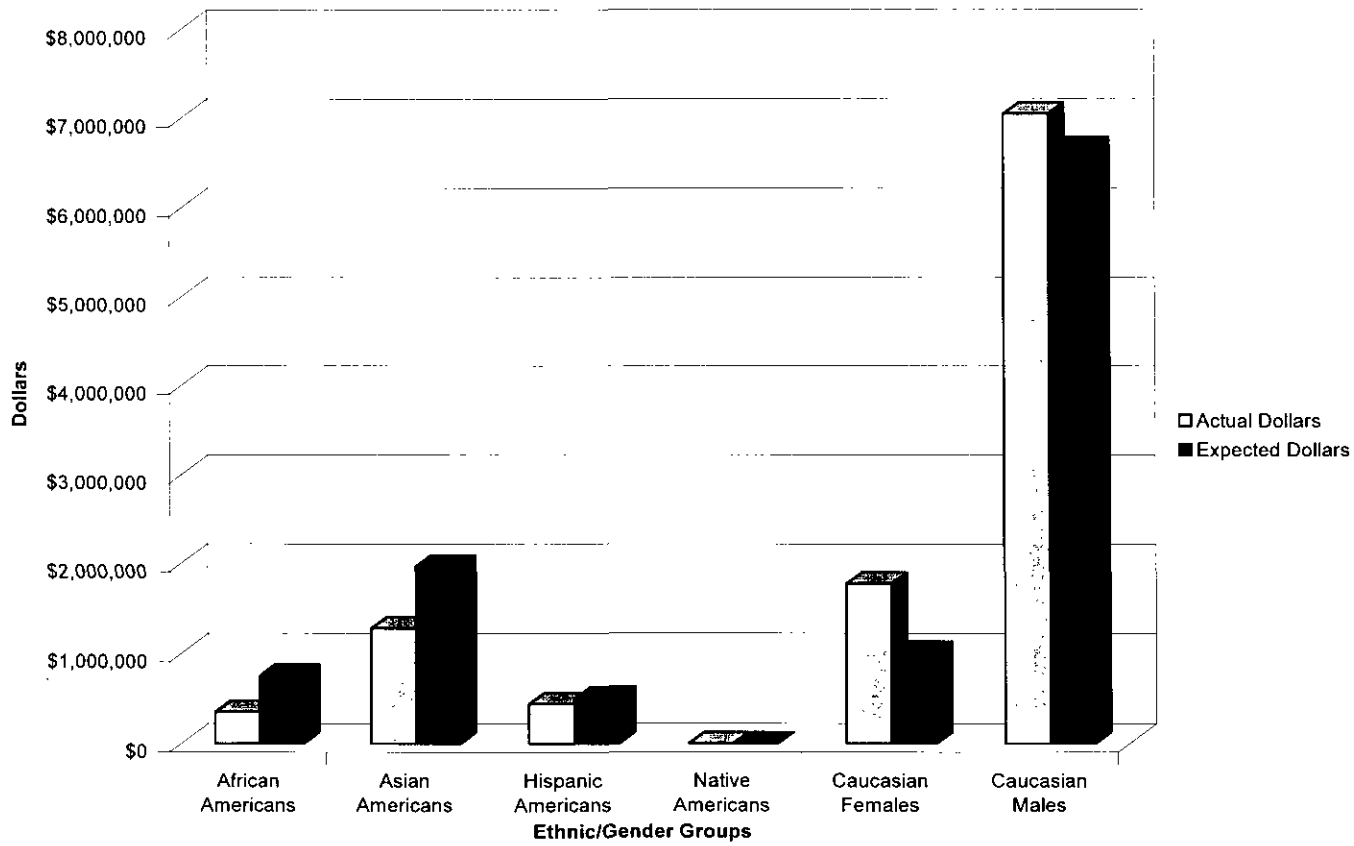
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.02 Disparity Analysis: Architecture and Engineering Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005



3. Professional Services Prime Contracts under \$500,000

The disparity analysis of all professional services prime contracts under \$500,000 is depicted in Table 8.03 and Chart 8.03.

African American Businesses represent 14.7 percent of the available professional services firms and received 1.97 percent of the professional services prime contracts under \$500,000. This underutilization is statistically significant.

Asian American Businesses represent 7.22 percent of the available professional services firms and received 2.86 percent of the professional services prime contracts under \$500,000. This underutilization is statistically significant.

Hispanic American Businesses represent 2.53 percent of the available professional services firms and received 3.94 percent of the professional services prime contracts under \$500,000. This study does not test statistically the overutilization of minority groups.

Native American Businesses represent 0.51 percent of the available professional services firms and received 0.02 percent of the professional services prime contracts under \$500,000. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 24.97 percent of the available professional services firms and received 8.79 percent of the professional services prime contracts under \$500,000. This underutilization is statistically significant.

Women Business Enterprises represent 10.27 percent of the available professional services firms and received 2.15 percent of the professional services prime contracts under \$500,000. This underutilization is statistically significant.

Minority and Women Business Enterprises represent 35.23 percent of the available professional services firms and received 10.94 percent of the professional services prime contracts under \$500,000. This underutilization is statistically significant.

Caucasian Male Business Enterprises represent 64.77 percent of the available professional services firms and received 89.06 percent of the professional services prime contracts under \$500,000. This overutilization is statistically significant.

Table 8.03 Disparity Analysis: Professional Services Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$551,589	1.97%	14.70%	\$4,111,606	-\$3,560,017	0.13	< .05 *
Asian Americans	\$798,899	2.86%	7.22%	\$2,020,358	-\$1,221,460	0.40	< .05 *
Hispanic Americans	\$1,101,855	3.94%	2.53%	\$708,898	\$392,957	1.55	**
Native Americans	\$4,500	0.02%	0.51%	\$141,780	-\$137,280	0.03	----
Caucasian Females	\$601,671	2.15%	10.27%	\$2,871,035	-\$2,269,365	0.21	< .05 *
Caucasian Males	\$24,907,498	89.06%	64.77%	\$18,112,335	\$6,795,164	1.38	< .05 †
TOTAL	\$27,966,012	100.00%	100.00%	\$27,966,012			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$15,891	0.06%	6.46%	\$1,807,689	-\$1,791,798	0.01	< .05 *
African American Males	\$535,698	1.92%	8.24%	\$2,303,917	-\$1,768,219	0.23	< .05 *
Asian American Females	\$70,605	0.25%	3.04%	\$850,677	-\$780,072	0.08	< .05 *
Asian American Males	\$728,294	2.60%	4.18%	\$1,169,681	-\$441,387	0.62	< .05 *
Hispanic American Females	\$502,754	1.80%	1.01%	\$283,559	\$219,195	1.77	**
Hispanic American Males	\$599,100	2.14%	1.52%	\$425,339	\$173,762	1.41	**
Native American Females	\$0	0.00%	0.25%	\$70,890	-\$70,890	0.00	----
Native American Males	\$4,500	0.02%	0.25%	\$70,890	-\$66,390	0.06	----
Caucasian Females	\$601,671	2.15%	10.27%	\$2,871,035	-\$2,269,365	0.21	< .05 *
Caucasian Males	\$24,907,498	89.06%	64.77%	\$18,112,335	\$6,795,164	1.38	< .05 †
TOTAL	\$27,966,012	100.00%	100.00%	\$27,966,012			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$589,250	2.11%	10.77%	\$3,012,815	-\$2,423,564	0.20	< .05 *
Minority Males	\$1,867,592	6.68%	14.20%	\$3,969,827	-\$2,102,235	0.47	< .05 *
Caucasian Females	\$601,671	2.15%	10.27%	\$2,871,035	-\$2,269,365	0.21	< .05 *
Caucasian Males	\$24,907,498	89.06%	64.77%	\$18,112,335	\$6,795,164	1.38	< .05 †
TOTAL	\$27,966,012	100.00%	100.00%	\$27,966,012			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$2,456,843	8.79%	24.97%	\$6,982,642	-\$4,525,799	0.35	< .05 *
Women Business Enterprises	\$601,671	2.15%	10.27%	\$2,871,035	-\$2,269,365	0.21	< .05 *
Minority and Women Business Enterprises	\$3,058,513	10.94%	35.23%	\$9,853,677	-\$6,795,164	0.31	< .05 *
Caucasian Male Business Enterprises	\$24,907,498	89.06%	64.77%	\$18,112,335	\$6,795,164	1.38	< .05 †

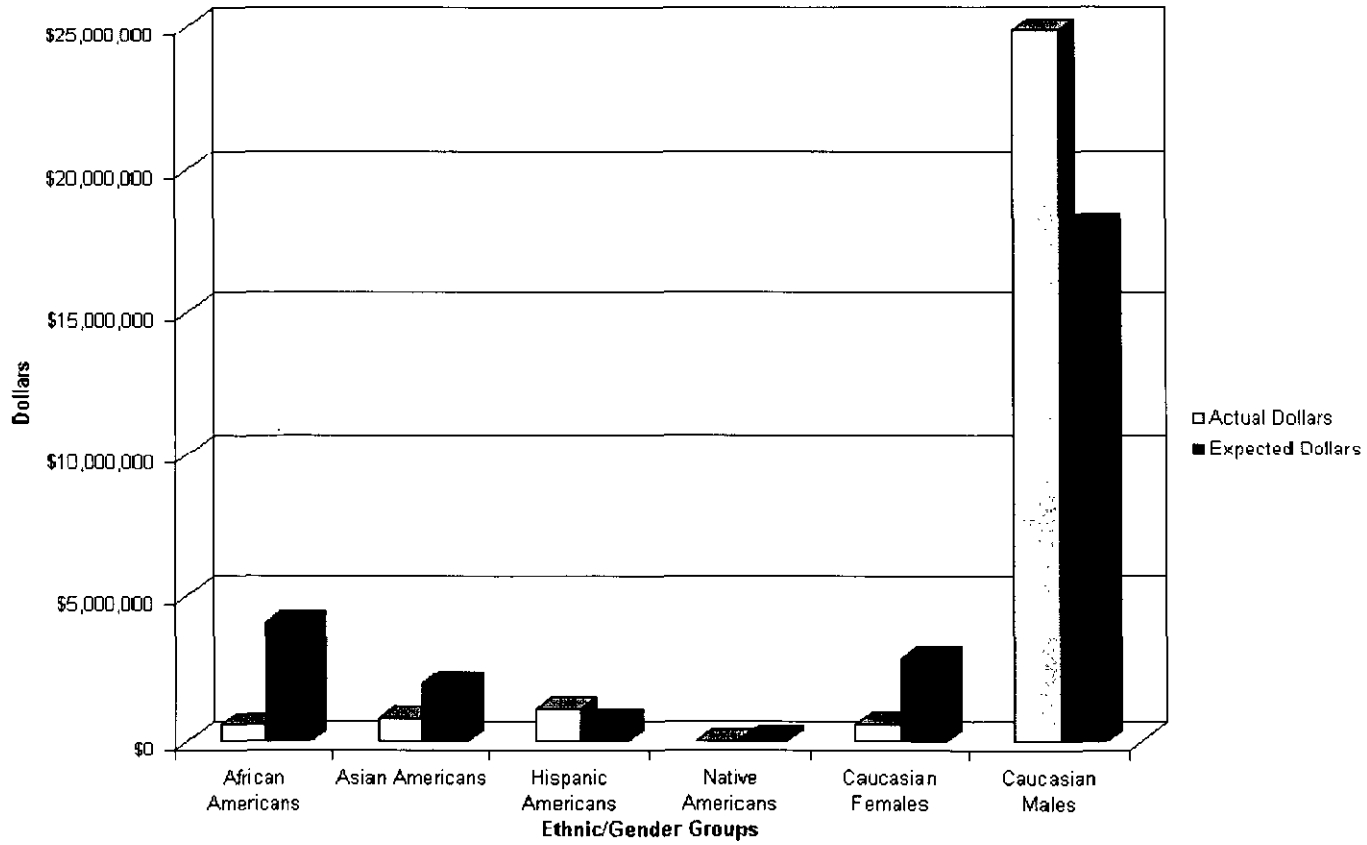
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.03 Disparity Analysis: Professional Services Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005



4. Goods and Other Services Prime Contracts under \$500,000

The disparity analysis of all goods and other services prime contracts under \$500,000 is depicted in Table 8.04 and Chart 8.04.

African American Businesses represent 6.66 percent of the available goods and other services firms and received 6.39 percent of the goods and other services prime contracts under \$500,000. This underutilization is not statistically significant.

Asian American Businesses represent 4.35 percent of the available goods and other services firms and received 5.66 percent of the goods and other services prime contracts under \$500,000. This study does not test statistically the overutilization of minority groups.

Hispanic American Businesses represent 1.88 percent of the available goods and other services firms and received 1.09 percent of the goods and other services prime contracts under \$500,000. This underutilization is statistically significant.

Native American Businesses represent 0.12 percent of the available goods and other services firms and received none of the goods and other services prime contracts under \$500,000. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 13.01 percent of the available goods and other services firms and received 13.14 percent of the goods and other services prime contracts under \$500,000. This study does not test statistically the overutilization of minority groups.

Women Business Enterprises represent 4.62 percent of the available goods and other services firms and received 7.1 percent of the goods and other services prime contracts under \$500,000. This study does not test statistically the overutilization of women business groups.

Minority and Women Business Enterprises represent 17.63 percent of the available goods and other services firms and received 20.23 percent of the goods and other services prime contracts under \$500,000. This study does not test statistically the overutilization of minority and women business groups.

Caucasian Male Business Enterprises represent 82.37 percent of the available goods and other services firms and received 79.77 percent of the goods and other services prime contracts under \$500,000. This study does not test statistically the underutilization of Caucasian Males.

Table 8.04 Disparity Analysis: Goods and Other Services Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$5,421,663	6.39%	6.66%	\$5,655,662	-\$234,000	0.96	not significant
Asian Americans	\$4,805,933	5.66%	4.35%	\$3,692,815	\$1,113,118	1.30	**
Hispanic Americans	\$924,574	1.09%	1.88%	\$1,596,893	-\$672,319	0.58	< .05 *
Native Americans	\$883	0.00%	0.12%	\$99,806	-\$98,923	0.01	----
Caucasian Females	\$6,025,685	7.10%	4.62%	\$3,925,695	\$2,099,990	1.53	**
Caucasian Males	\$67,722,736	79.77%	82.37%	\$69,930,603	-\$2,207,867	0.97	**
TOTAL	\$84,901,474	100.00%	100.00%	\$84,901,474			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$3,666,256	4.32%	2.59%	\$2,195,728	\$1,470,528	1.67	**
African American Males	\$1,755,407	2.07%	4.08%	\$3,459,935	-\$1,704,528	0.51	< .05 *
Asian American Females	\$412,777	0.49%	1.06%	\$898,252	-\$485,476	0.46	< .05 *
Asian American Males	\$4,393,156	5.17%	3.29%	\$2,794,563	\$1,598,594	1.57	**
Hispanic American Females	\$709,500	0.84%	0.47%	\$399,223	\$310,276	1.78	**
Hispanic American Males	\$215,074	0.25%	1.41%	\$1,197,670	-\$982,596	0.18	< .05 *
Native American Females	\$883	0.00%	0.04%	\$33,269	-\$32,386	0.03	----
Native American Males	\$0	0.00%	0.08%	\$66,537	-\$66,537	0.00	----
Caucasian Females	\$6,025,685	7.10%	4.62%	\$3,925,695	\$2,099,990	1.53	**
Caucasian Males	\$67,722,736	79.77%	82.37%	\$69,930,603	-\$2,207,867	0.97	**
TOTAL	\$84,901,474	100.00%	100.00%	\$84,901,474			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$4,789,415	5.64%	4.15%	\$3,526,472	\$1,262,943	1.36	**
Minority Males	\$6,363,637	7.50%	8.86%	\$7,518,704	-\$1,155,067	0.85	< .05 *
Caucasian Females	\$6,025,685	7.10%	4.62%	\$3,925,695	\$2,099,990	1.53	**
Caucasian Males	\$67,722,736	79.77%	82.37%	\$69,930,603	-\$2,207,867	0.97	**
TOTAL	\$84,901,474	100.00%	100.00%	\$84,901,474			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$11,153,052	13.14%	13.01%	\$11,045,176	\$107,876	1.01	**
Women Business Enterprises	\$6,025,685	7.10%	4.62%	\$3,925,695	\$2,099,990	1.53	**
Minority and Women Business Enterprises	\$17,178,738	20.23%	17.63%	\$14,970,871	\$2,207,867	1.15	**
Caucasian Male Business Enterprises	\$67,722,736	79.77%	82.37%	\$69,930,603	-\$2,207,867	0.97	**

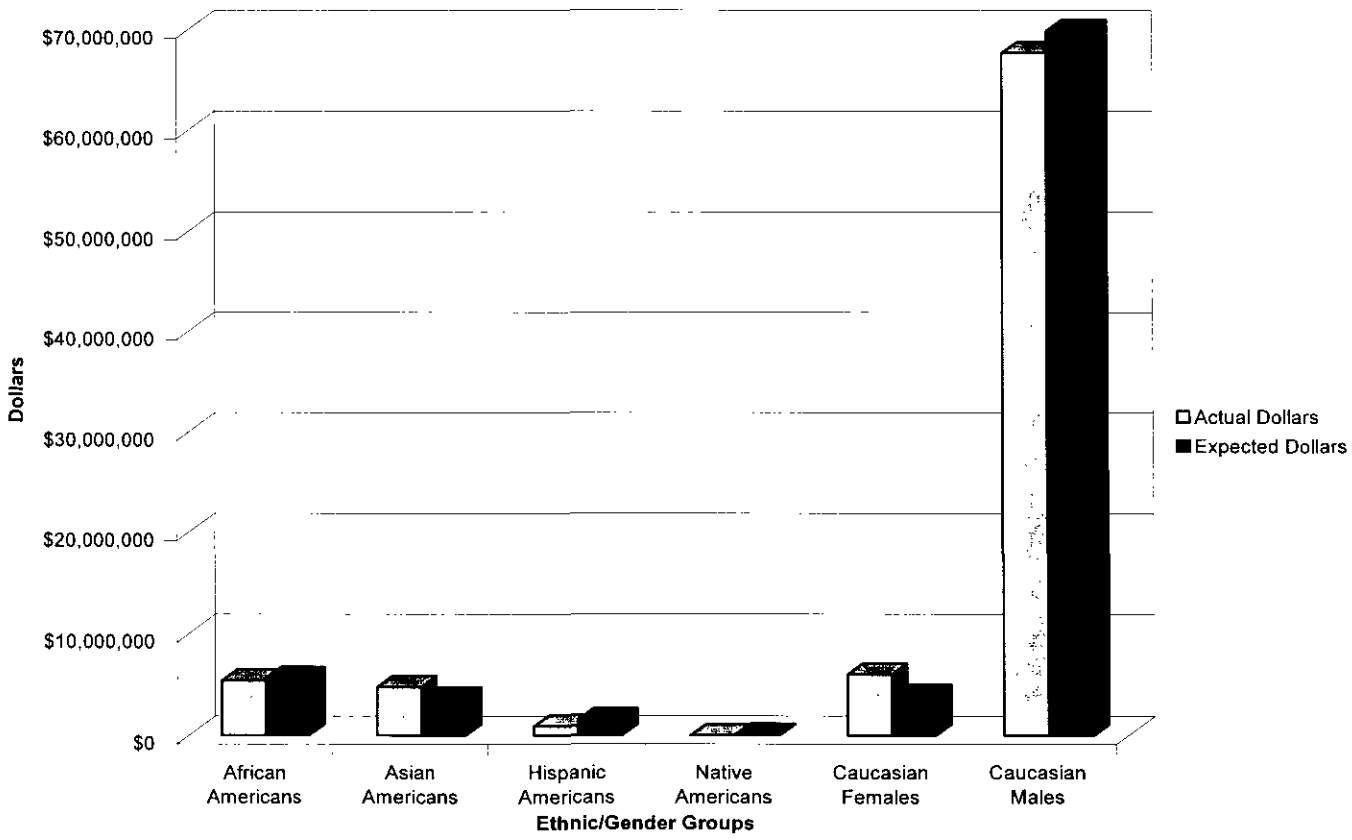
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.04 Disparity Analysis: Goods and Other Services Prime Contracts under \$500,000, July 1, 2002 to June 30, 2005



B. Disparity Analysis: All Contracts under \$50,000 and \$15,000, by Industry

1. Construction Prime Contracts under \$50,000

The disparity analysis of all construction prime contracts under \$50,000 is depicted in Table 8.05 and Chart 8.05.

African American Businesses represent 20.62 percent of the available construction firms and received 10.39 percent of the construction prime contracts under \$50,000. This underutilization is statistically significant.

Asian American Businesses represent 7.13 percent of the available construction firms and received 3.87 percent of the construction prime contracts under \$50,000. This underutilization is not statistically significant.

Hispanic American Businesses represent 18.11 percent of the available construction firms and received 8.65 percent of the construction prime contracts under \$50,000. This underutilization is statistically significant.

Native American Businesses represent 0.19 percent of the available construction firms and received none of the construction prime contracts under \$50,000. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 46.05 percent of the available construction firms and received 22.91 percent of the construction prime contracts under \$50,000. This underutilization is statistically significant.

Women Business Enterprises represent 3.08 percent of the available construction firms and received 2.45 percent of the construction prime contracts under \$50,000. This underutilization is not statistically significant.

Minority and Women Business Enterprises represent 49.13 percent of the available construction firms and received 25.36 percent of the construction prime contracts under \$50,000. This underutilization is statistically significant.

Caucasian Male Business Enterprises represent 50.87 percent of the available construction firms and received 74.64 percent of the construction prime contracts under \$50,000. This overutilization is statistically significant.

Table 8.05 Disparity Analysis: Construction Prime Contracts under \$50,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$399,213	10.39%	20.62%	\$792,253	-\$393,040	0.50	< .05 *
Asian Americans	\$148,621	3.87%	7.13%	\$273,957	-\$125,336	0.54	not significant
Hispanic Americans	\$332,505	8.65%	18.11%	\$695,998	-\$363,493	0.48	< .05 *
Native Americans	\$0	0.00%	0.19%	\$7,404	-\$7,404	0.00	---
Caucasian Females	\$94,280	2.45%	3.08%	\$118,468	-\$24,188	0.80	not significant
Caucasian Males	\$2,868,178	74.64%	50.87%	\$1,954,717	\$913,461	1.47	< .05 †
TOTAL	\$3,842,796	100.00%	100.00%	\$3,842,796			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$101,916	2.65%	3.08%	\$118,468	-\$16,552	0.86	not significant
African American Males	\$297,297	7.74%	17.53%	\$673,785	-\$376,488	0.44	< .05 *
Asian American Females	\$593	0.02%	1.54%	\$59,234	-\$58,641	0.01	not significant
Asian American Males	\$148,028	3.85%	5.59%	\$214,723	-\$66,695	0.69	not significant
Hispanic American Females	\$0	0.00%	1.35%	\$51,830	-\$51,830	0.00	not significant
Hispanic American Males	\$332,505	8.65%	16.76%	\$644,168	-\$311,663	0.52	< .05 *
Native American Females	\$0	0.00%	0.00%	\$0	\$0	---	---
Native American Males	\$0	0.00%	0.19%	\$7,404	-\$7,404	0.00	---
Caucasian Females	\$94,280	2.45%	3.08%	\$118,468	-\$24,188	0.80	not significant
Caucasian Males	\$2,868,178	74.64%	50.87%	\$1,954,717	\$913,461	1.47	< .05 †
TOTAL	\$3,842,796	100.00%	100.00%	\$3,842,796			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$102,508	2.67%	5.97%	\$229,531	-\$127,023	0.45	< .05 *
Minority Males	\$777,830	20.24%	40.08%	\$1,540,080	-\$762,251	0.51	< .05 *
Caucasian Females	\$94,280	2.45%	3.08%	\$118,468	-\$24,188	0.80	not significant
Caucasian Males	\$2,868,178	74.64%	50.87%	\$1,954,717	\$913,461	1.47	< .05 †
TOTAL	\$3,842,796	100.00%	100.00%	\$3,842,796			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$880,338	22.91%	46.05%	\$1,769,611	-\$889,273	0.50	< .05 *
Women Business Enterprises	\$94,280	2.45%	3.08%	\$118,468	-\$24,188	0.80	not significant
Minority and Women Business Enterprises	\$974,618	25.36%	49.13%	\$1,888,079	-\$913,461	0.52	< .05 *
Caucasian Male Business Enterprises	\$2,868,178	74.64%	50.87%	\$1,954,717	\$913,461	1.47	< .05 †

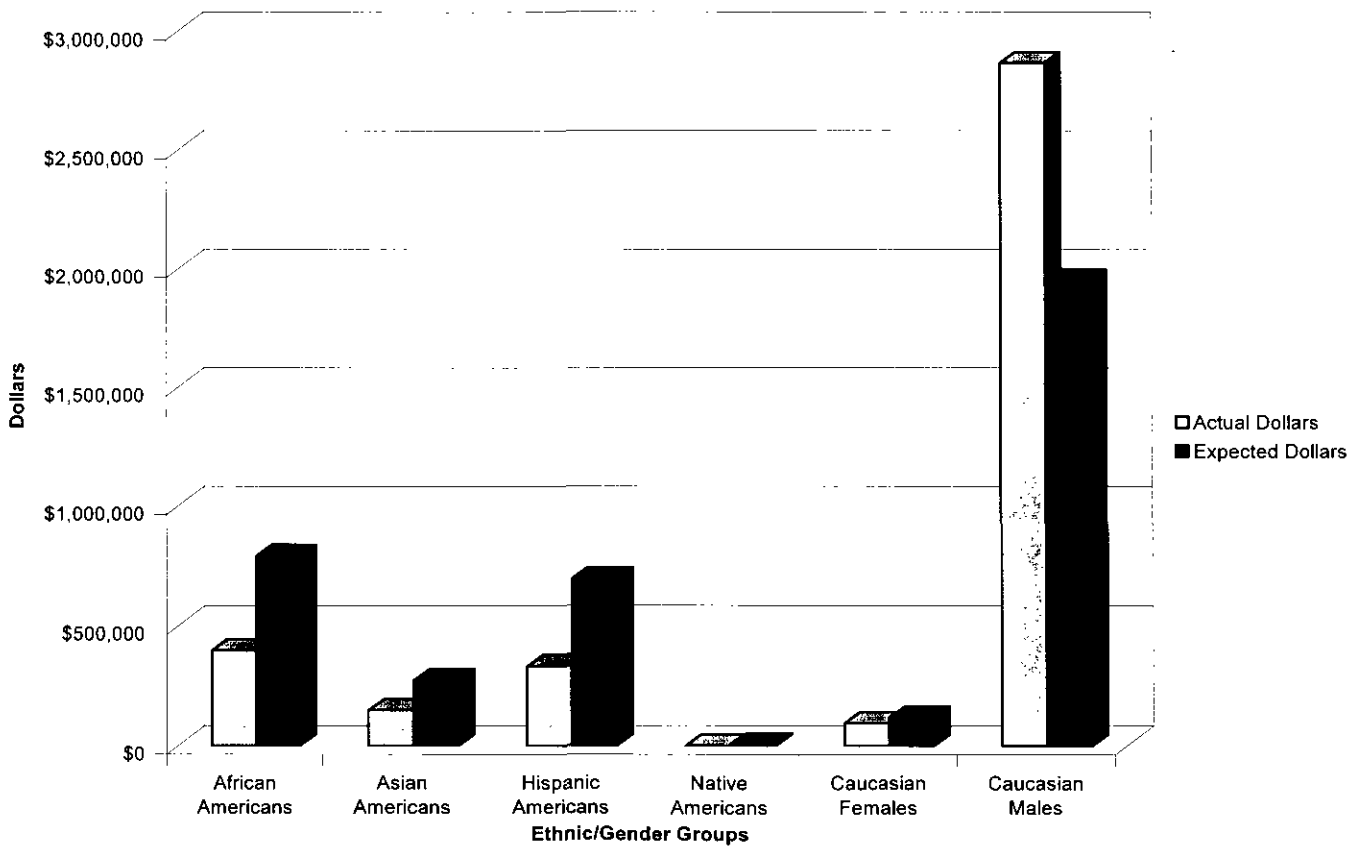
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.05 Disparity Analysis: Construction Prime Contracts under \$50,000, July 1, 2002 to June 30, 2005



2. Architecture and Engineering Prime Contracts under \$15,000

The disparity analysis of all architecture and engineering prime contracts under \$15,000 is depicted in Table 8.06 and Chart 8.06.

African American Businesses represent 6.93 percent of the available architecture and engineering firms and received 7.47 percent of the architecture and engineering prime contracts under \$15,000. This study does not test statistically the overutilization of minority groups.

Asian American Businesses represent 18.07 percent of the available architecture and engineering firms and received 10.39 percent of the architecture and engineering prime contracts under \$15,000. This underutilization is statistically significant.

Hispanic American Businesses represent 4.62 percent of the available architecture and engineering firms and received 0.52 percent of the architecture and engineering prime contracts under \$15,000. This underutilization is statistically significant.

Native American Businesses represent none of the available architecture and engineering firms and received none of the architecture and engineering prime contracts under \$15,000. There were no contracts or available firms to determine statistical significance.

Minority Business Enterprises represent 29.62 percent of the available architecture and engineering firms and received 18.38 percent of the architecture and engineering prime contracts under \$15,000. This underutilization is statistically significant.

Women Business Enterprises represent 9.24 percent of the available architecture and engineering firms and received 34.27 percent of the architecture and engineering prime contracts under \$15,000. This study does not test statistically the overutilization of women business groups.

Minority and Women Business Enterprises represent 38.87 percent of the available architecture and engineering firms and received 52.65 percent of the architecture and engineering prime contracts under \$15,000. This study does not test statistically the overutilization of minority and women business groups.

Caucasian Male Business Enterprises represent 61.13 percent of the available architecture and engineering firms and received 47.35 percent of the architecture and engineering prime contracts under \$15,000. This study does not test statistically the underutilization of Caucasian Males.

Table 8.06 Disparity Analysis: Architecture and Engineering Prime Contracts under \$15,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$114,202	7.47%	6.93%	\$105,974	\$8,227	1.08	**
Asian Americans	\$158,759	10.39%	18.07%	\$276,176	-\$117,417	0.57	< .05 *
Hispanic Americans	\$7,935	0.52%	4.62%	\$70,650	-\$62,715	0.11	< .05 *
Native Americans	\$0	0.00%	0.00%	\$0	\$0	----	----
Caucasian Females	\$523,889	34.27%	9.24%	\$141,299	\$382,590	3.71	**
Caucasian Males	\$723,816	47.35%	61.13%	\$934,502	-\$210,686	0.77	**
TOTAL	\$1,528,602	100.00%	100.00%	\$1,528,602			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$63,760	4.17%	0.63%	\$9,634	\$54,126	6.62	**
African American Males	\$50,442	3.30%	6.30%	\$96,340	-\$45,898	0.52	not significant
Asian American Females	\$41,969	2.75%	4.62%	\$70,650	-\$28,681	0.59	not significant
Asian American Males	\$116,791	7.64%	13.45%	\$205,526	-\$88,736	0.57	< .05 *
Hispanic American Females	\$0	0.00%	0.63%	\$9,634	-\$9,634	0.00	----
Hispanic American Males	\$7,935	0.52%	3.99%	\$61,016	-\$53,081	0.13	< .05 *
Native American Females	\$0	0.00%	0.00%	\$0	\$0	----	----
Native American Males	\$0	0.00%	0.00%	\$0	\$0	----	----
Caucasian Females	\$523,889	34.27%	9.24%	\$141,299	\$382,590	3.71	**
Caucasian Males	\$723,816	47.35%	61.13%	\$934,502	-\$210,686	0.77	**
TOTAL	\$1,528,602	100.00%	100.00%	\$1,528,602			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$105,728	6.92%	5.88%	\$89,918	\$15,811	1.18	**
Minority Males	\$175,168	11.46%	23.74%	\$362,882	-\$187,715	0.48	< .05 *
Caucasian Females	\$523,889	34.27%	9.24%	\$141,299	\$382,590	3.71	**
Caucasian Males	\$723,816	47.35%	61.13%	\$934,502	-\$210,686	0.77	**
TOTAL	\$1,528,602	100.00%	100.00%	\$1,528,602			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$280,896	18.38%	29.62%	\$452,800	-\$171,904	0.62	< .05 *
Women Business Enterprises	\$523,889	34.27%	9.24%	\$141,299	\$382,590	3.71	**
Minority and Women Business Enterprises	\$804,785	52.65%	38.87%	\$594,099	\$210,686	1.35	**
Caucasian Male Business Enterprises	\$723,816	47.35%	61.13%	\$934,502	-\$210,686	0.77	**

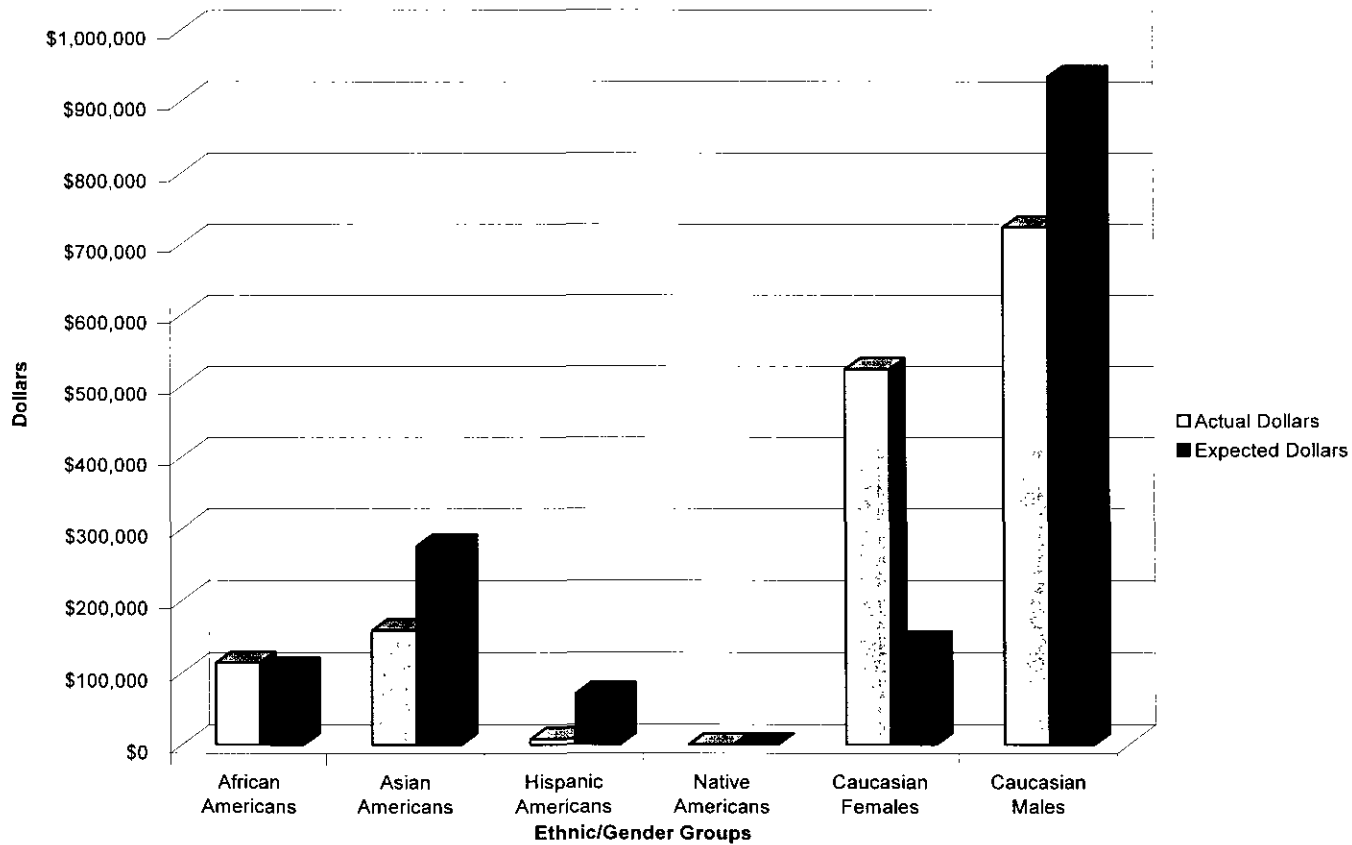
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

**Chart 8.06 Disparity Analysis: Architecture and Engineering Prime Contracts under \$15,000,
July 1, 2002 to June 30, 2005**



3. Professional Services Prime Contracts under \$15,000

The disparity analysis of all professional services prime contracts under \$15,000 is depicted in Table 8.07 and Chart 8.07.

African American Businesses represent 14.7 percent of the available professional services firms and received 5.52 percent of the professional services prime contracts under \$15,000. This underutilization is statistically significant.

Asian American Businesses represent 7.22 percent of the available professional services firms and received 3.91 percent of the professional services prime contracts under \$15,000. This underutilization is statistically significant.

Hispanic American Businesses represent 2.53 percent of the available professional services firms and received 2.31 percent of the professional services prime contracts under \$15,000. This underutilization is not statistically significant.

Native American Businesses represent 0.51 percent of the available professional services firms and received 0.22 percent of the professional services prime contracts under \$15,000. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 24.97 percent of the available professional services firms and received 11.96 percent of the professional services prime contracts under \$15,000. This underutilization is statistically significant.

Women Business Enterprises represent 10.27 percent of the available professional services firms and received 9.73 percent of the professional services prime contracts under \$15,000. This underutilization is not statistically significant.

Minority and Women Business Enterprises represent 35.23 percent of the available professional services firms and received 21.69 percent of the professional services prime contracts under \$15,000. This underutilization is statistically significant.

Caucasian Male Business Enterprises represent 64.77 percent of the available professional services firms and received 78.31 percent of the professional services prime contracts under \$15,000. This overutilization is statistically significant.

Table 8.07 Disparity Analysis: Professional Services Prime Contracts under \$15,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$115,154	5.52%	14.70%	\$306,785	-\$191,631	0.38	< .05 *
Asian Americans	\$81,555	3.91%	7.22%	\$150,748	-\$69,193	0.54	< .05 *
Hispanic Americans	\$48,275	2.31%	2.53%	\$52,894	-\$4,619	0.91	not significant
Native Americans	\$4,500	0.22%	0.51%	\$10,579	-\$6,079	0.43	---
Caucasian Females	\$203,010	9.73%	10.27%	\$214,220	-\$11,210	0.95	not significant
Caucasian Males	\$1,634,170	78.31%	64.77%	\$1,351,439	\$282,731	1.21	< .05 †
TOTAL	\$2,086,664	100.00%	100.00%	\$2,086,664			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$15,891	0.76%	6.46%	\$134,879	-\$118,988	0.12	< .05 *
African American Males	\$99,263	4.76%	8.24%	\$171,905	-\$72,643	0.58	< .05 *
Asian American Females	\$8,016	0.38%	3.04%	\$63,473	-\$55,457	0.13	< .05 *
Asian American Males	\$73,539	3.52%	4.18%	\$87,275	-\$13,736	0.84	not significant
Hispanic American Females	\$48,275	2.31%	1.01%	\$21,158	\$27,118	2.28	**
Hispanic American Males	\$0	0.00%	1.52%	\$31,736	-\$31,736	0.00	< .05 *
Native American Females	\$0	0.00%	0.25%	\$5,289	-\$5,289	0.00	----
Native American Males	\$4,500	0.22%	0.25%	\$5,289	-\$789	0.85	----
Caucasian Females	\$203,010	9.73%	10.27%	\$214,220	-\$11,210	0.95	not significant
Caucasian Males	\$1,634,170	78.31%	64.77%	\$1,351,439	\$282,731	1.21	< .05 †
TOTAL	\$2,086,664	100.00%	100.00%	\$2,086,664			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$72,182	3.46%	10.77%	\$224,799	-\$152,617	0.32	< .05 *
Minority Males	\$177,302	8.50%	14.20%	\$296,206	-\$118,904	0.60	< .05 *
Caucasian Females	\$203,010	9.73%	10.27%	\$214,220	-\$11,210	0.95	not significant
Caucasian Males	\$1,634,170	78.31%	64.77%	\$1,351,439	\$282,731	1.21	< .05 †
TOTAL	\$2,086,664	100.00%	100.00%	\$2,086,664			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$249,484	11.96%	24.97%	\$521,005	-\$271,521	0.48	< .05 *
Women Business Enterprises	\$203,010	9.73%	10.27%	\$214,220	-\$11,210	0.95	not significant
Minority and Women Business Enterprises	\$452,494	21.69%	35.23%	\$735,225	-\$282,731	0.62	< .05 *
Caucasian Male Business Enterprises	\$1,634,170	78.31%	64.77%	\$1,351,439	\$282,731	1.21	< .05 †

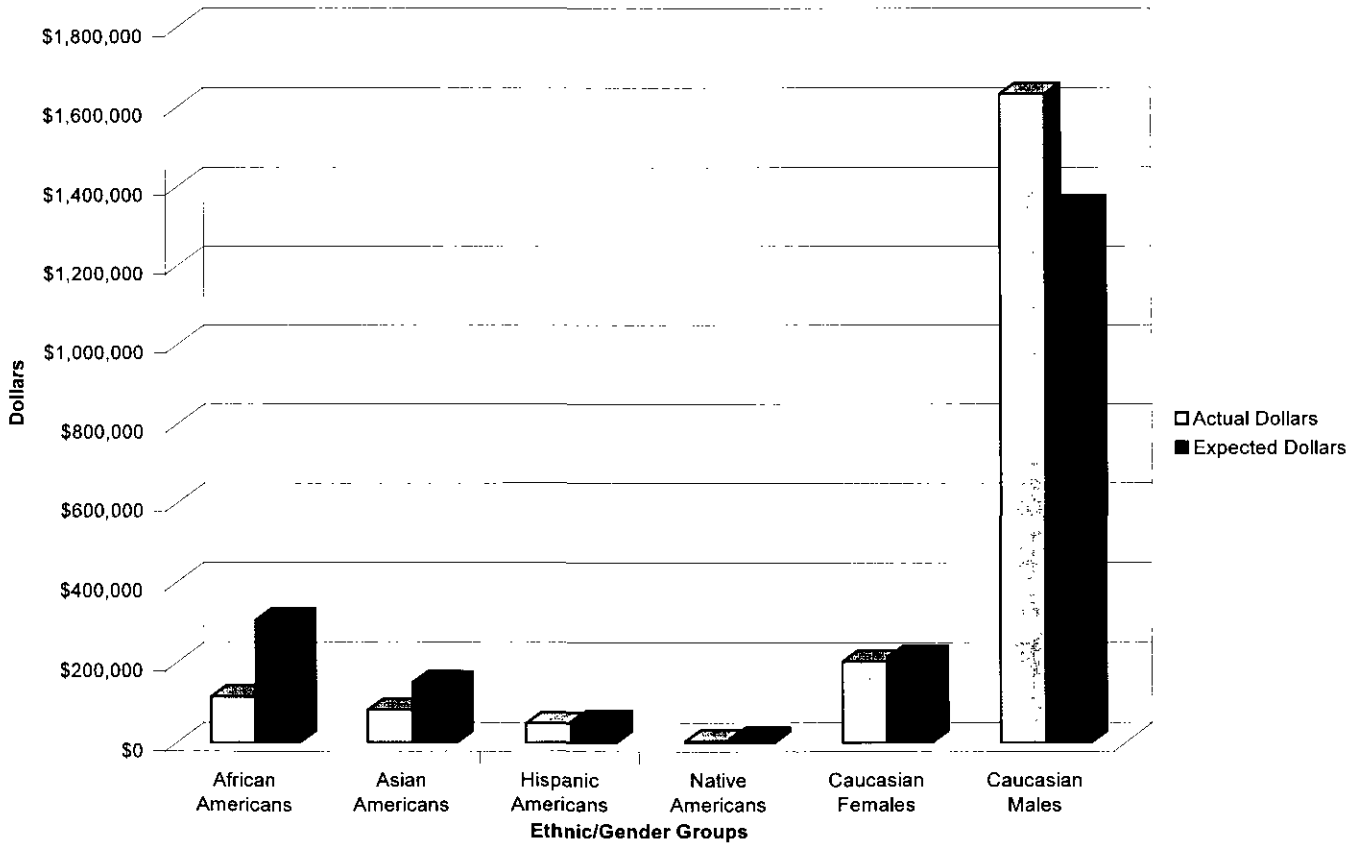
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.07 Disparity Analysis: Professional Services Prime Contracts under \$15,000, July 1, 2002 to June 30, 2005



4. Goods and Other Services Prime Contracts under \$50,000

The disparity analysis of all goods and other services prime contracts under \$50,000 is depicted in Table 8.08 and Chart 8.08.

African American Businesses represent 6.66 percent of the available goods and other services firms and received 7.6 percent of the goods and other services prime contracts under \$50,000. This study does not test statistically the overutilization of minority groups.

Asian American Businesses represent 4.35 percent of the available goods and other services firms and received 3.85 percent of the goods and other services prime contracts under \$50,000. This underutilization is not statistically significant.

Hispanic American Businesses represent 1.88 percent of the available goods and other services firms and received 0.67 percent of the goods and other services prime contracts under \$50,000. This underutilization is statistically significant.

Native American Businesses represent 0.12 percent of the available goods and other services firms and received 0 percent of the goods and other services prime contracts under \$50,000. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 13.01 percent of the available goods and other services firms and received 12.12 percent of the goods and other services prime contracts under \$50,000. This underutilization is statistically significant.

Women Business Enterprises represent 4.62 percent of the available goods and other services firms and received 8.23 percent of the goods and other services prime contracts under \$50,000. This study does not test statistically the overutilization of women business groups.

Minority and Women Business Enterprises represent 17.63 percent of the available goods and other services firms and received 20.36 percent of the goods and other services prime contracts under \$50,000. This study does not test statistically the overutilization of minority and women business groups.

Caucasian Male Business Enterprises represent 82.37 percent of the available goods and other services firms and received 79.64 percent of the goods and other services prime contracts under \$50,000. This study does not test statistically the underutilization of Caucasian Males.

Table 8.08 Disparity Analysis: Goods and Other Services Prime Contracts under \$50,000, July 1, 2002 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$4,577,145	7.60%	6.66%	\$4,010,754	\$566,391	1.14	**
Asian Americans	\$2,316,957	3.85%	4.35%	\$2,618,787	-\$301,830	0.88	not significant
Hispanic Americans	\$404,530	0.67%	1.88%	\$1,132,448	-\$727,918	0.36	< .05 *
Native Americans	\$883	0.00%	0.12%	\$70,778	-\$69,895	0.01	---
Caucasian Females	\$4,957,283	8.23%	4.62%	\$2,783,935	\$2,173,347	1.78	**
Caucasian Males	\$47,951,705	79.64%	82.37%	\$49,591,799	-\$1,640,095	0.97	**
TOTAL	\$60,208,502	100.00%	100.00%	\$60,208,502			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$2,987,578	4.96%	2.59%	\$1,557,116	\$1,430,462	1.92	**
African American Males	\$1,589,567	2.64%	4.08%	\$2,453,638	-\$864,071	0.65	< .05 *
Asian American Females	\$412,777	0.69%	1.06%	\$637,002	-\$224,226	0.65	< .05 *
Asian American Males	\$1,904,180	3.16%	3.29%	\$1,981,785	-\$77,605	0.96	not significant
Hispanic American Females	\$189,456	0.31%	0.47%	\$283,112	-\$93,656	0.67	---
Hispanic American Males	\$215,074	0.36%	1.41%	\$849,336	-\$634,262	0.25	< .05 *
Native American Females	\$883	0.00%	0.04%	\$23,593	-\$22,710	0.04	---
Native American Males	\$0	0.00%	0.08%	\$47,185	-\$47,185	0.00	---
Caucasian Females	\$4,957,283	8.23%	4.62%	\$2,783,935	\$2,173,347	1.78	**
Caucasian Males	\$47,951,705	79.64%	82.37%	\$49,591,799	-\$1,640,095	0.97	**
TOTAL	\$60,208,502	100.00%	100.00%	\$60,208,502			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$3,590,694	5.96%	4.15%	\$2,500,823	\$1,089,870	1.44	**
Minority Males	\$3,708,821	6.16%	8.86%	\$5,331,944	-\$1,623,123	0.70	< .05 *
Caucasian Females	\$4,957,283	8.23%	4.62%	\$2,783,935	\$2,173,347	1.78	**
Caucasian Males	\$47,951,705	79.64%	82.37%	\$49,591,799	-\$1,640,095	0.97	**
TOTAL	\$60,208,502	100.00%	100.00%	\$60,208,502			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$7,299,515	12.12%	13.01%	\$7,832,768	-\$533,253	0.93	< .05 *
Women Business Enterprises	\$4,957,283	8.23%	4.62%	\$2,783,935	\$2,173,347	1.78	**
Minority and Women Business Enterprises	\$12,256,798	20.36%	17.63%	\$10,616,703	\$1,640,095	1.15	**
Caucasian Male Business Enterprises	\$47,951,705	79.64%	82.37%	\$49,591,799	-\$1,640,095	0.97	**

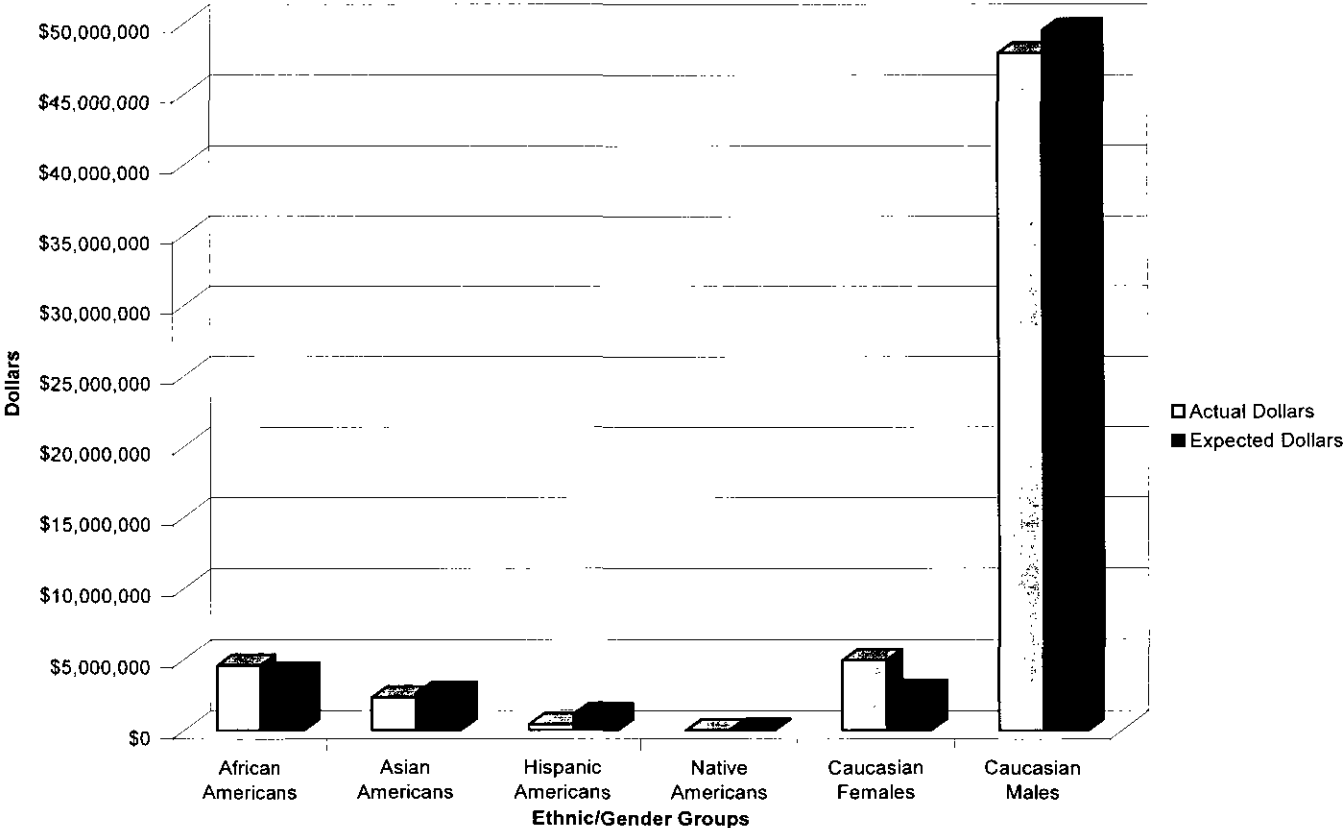
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(---) denotes an underutilized group with too few available firms to test statistical significance.

Chart 8.08 Disparity Analysis: Goods and Other Services Prime Contracts under \$50,000, July 1, 2002 to June 30, 2005



III. SUMMARY

A. Construction Prime Contracts

As indicated in Table 8.09, African American construction prime contractors were determined to be underutilized at both contract levels. Hispanic American construction prime contractors were found to be underutilized at the under \$50,000 contract level and Women Business Enterprises were underutilized at the under \$500,000 contract level.

Table 8.09 Disparity Summary: Construction Prime Contract Dollars, July 1, 2002 to June 30, 2005

Ethnicity/Gender	Construction	
	Contracts under \$500,000	Contracts under \$50,000
African Americans	Yes	Yes
Asian Americans	**	No
Hispanic Americans	No	Yes
Native Americans	---	---
Minority Business Enterprises	Yes	Yes
Women Business Enterprises	Yes	No
Minority and Women Business Enterprises	Yes	Yes

Yes = Statistically significant disparity was found
 No = Statistically significant disparity was not found
 --- = There were insufficient records to determine statistical disparity
 ** = The study did not test statistically the overutilization of M/WBES

B. Architecture and Engineering Prime Contracts

As indicated in Table 8.10, Asian American and Hispanic American architecture and engineering prime contractors were determined to be underutilized at the \$15,000 and under contract level.

Table 8.10 Disparity Summary: Architecture and Engineering Contract Dollars, July 1, 2002 to June 30, 2005

Ethnicity/Gender	Architecture and Engineering	
	Contracts under \$500,000	Contracts \$15,000 and under
African Americans	No	**
Asian Americans	No	Yes
Hispanic Americans	No	Yes
Native Americans	---	---
Minority Business Enterprises	Yes	Yes
Women Business Enterprises	**	**
Minority and Women Business Enterprises	No	**

- Yes = Statistically significant disparity was found
- No = Statistically significant disparity was not found
- = There were insufficient records to determine statistical disparity
- ** = The study did not test statistically the overutilization of M/WBEs

C. Professional Services Prime Contracts

As indicated in Table 8.11, African American and Asian American professional services prime contractors were determined to be underutilized at both contract levels. Women Business Enterprises were underutilized at the under \$500,000 contract level.

Table 8.11 Disparity Summary: Professional Services Prime Contract Dollars, July 1, 2002 to June 30, 2005

Ethnicity/Gender	Professional Services	
	Contracts under \$500,000	Contracts \$15,000 and under
African Americans	Yes	Yes
Asian Americans	Yes	Yes
Hispanic Americans	**	No
Native Americans	---	---
Minority Business Enterprises	Yes	Yes
Women Business Enterprises	Yes	No
Minority and Women Business Enterprises	Yes	Yes

Yes = Statistically significant disparity was found
 No = Statistically significant disparity was not found
 --- = There were insufficient records to determine statistical disparity
 ** = The study did not test statistically the overutilization of M/WBEs

D. Goods and Other Services Prime Contracts

As indicated in Table 8.12, Hispanic American goods and other services prime contractors were determined to be underutilized at both contract levels.

**Table 8.12 Disparity Summary: Goods and Other Services
Prime Contract Dollars, July 1, 2002 to June 30, 2005**

Ethnicity/Gender	Goods and Other Services	
	Contracts under \$500,000	Contracts \$50,000 and under
African Americans	No	**
Asian Americans	**	No
Hispanic Americans	Yes	Yes
Native Americans	---	---
Minority Business Enterprises	**	Yes
Women Business Enterprises	**	**
Minority and Women Business Enterprises	**	**

Yes = Statistically significant disparity was found
 No = Statistically significant disparity was not found
 --- = There were insufficient records to determine statistical disparity
 ** = The study did not test statistically the overutilization of M/WBEs



9

SUBCONTRACTOR DISPARITY ANALYSIS

I. INTRODUCTION

The objective of this analysis is to determine if minority and woman-owned business enterprise (M/WBE) subcontractors were underutilized at a statistically significant level. A detailed discussion of the statistical procedures for conducting a disparity analysis is set forth in *Chapter 8: Prime Contractor Disparity Analysis*. The same analytical procedures were used to perform the subcontractor disparity analysis. Under a fair and equitable system of awarding subcontracts, the proportion of subcontracts and subcontract dollars awarded to M/WBEs should be approximate to the proportion of available M/WBEs in the relevant market area. If the proportions are not approximate and a disparity exists between these proportions, the probability that the disparity is due to chance can be determined using a statistical test. If there is a low probability that the disparity is due to chance, *Croson* states that an inference of discrimination can be made.¹

II. DISPARITY ANALYSIS

As detailed in *Chapter 5: Subcontractor Utilization Analysis*, extensive efforts were undertaken to obtain subcontracting records for the City's construction, architecture and engineering, and professional services prime contracts. The City could provide information on construction, architecture and engineering, and professional services subcontracts. The goods and other services industry was not available and therefore not included in the subcontractor analysis. Subcontract records were compiled for the three industries within

¹ When conducting statistical tests, a level of confidence must be established as a gauge for the level of certainty that an observed occurrence is not due to chance. It is important to note that a 100 percent confidence level or a level of absolute certainty can never be obtained in statistics. A 95 percent confidence level is considered by the courts as an acceptable level in determining whether an inference of discrimination can be made. Thus the data analyzed here was done within the 95 percent confidence level.

the July 1, 2003 to June 30, 2005 study period. A subcontractor disparity analysis of these records was performed.

A. Construction Subcontractor Disparity Analysis: July 1, 2003 to June 30, 2005

The disparity analysis of construction subcontract dollars is depicted in Table 9.01 and Chart 9.01.

African American Businesses represent 18.89 percent of the available construction firms and received 9.83 percent of the construction subcontract dollars. This underutilization is statistically significant.

Asian American Businesses represent 7.2 percent of the available construction firms and received 5.34 percent of the construction subcontract dollars. This underutilization is statistically significant.

Hispanic American Businesses represent 14.13 percent of the available construction firms and received 7.43 percent of the construction subcontract dollars. This underutilization is statistically significant.

Native American Businesses represent 0.14 percent of the available construction firms and received none of the construction subcontract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 40.35 percent of the available construction firms and received 22.61 percent of the construction subcontract dollars. This underutilization is statistically significant.

Women Business Enterprises represent 3.4 percent of the available construction firms and received 5.48 percent of the construction subcontract dollars. This study does not test statistically the overutilization of women business groups.

Minority and Women Business Enterprises represent 43.75 percent of the available construction firms and received 28.09 percent of the construction subcontract dollars. This underutilization is statistically significant.

Caucasian Male Business Enterprises represent 56.25 percent of the available construction firms and received 71.91 percent of the construction subcontract dollars. This overutilization is statistically significant.

Table 9.01 Disparity Analysis: Construction Subcontracts, July 1, 2003 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$6,082,982	9.83%	18.89%	\$15,532,988	-\$7,450,006	0.52	< .05 *
Asian Americans	\$4,395,336	5.34%	7.20%	\$5,922,650	-\$1,527,314	0.74	< .05 *
Hispanic Americans	\$6,114,828	7.43%	14.13%	\$11,621,804	-\$5,506,975	0.53	< .05 *
Native Americans	\$0	0.00%	0.14%	\$111,748	-\$111,748	0.00	----
Caucasian Females	\$4,506,028	5.48%	3.40%	\$2,793,703	\$1,712,325	1.61	**
Caucasian Males	\$59,147,436	71.91%	56.25%	\$46,263,718	\$12,883,718	1.28	< .05 †
TOTAL	\$82,246,610	100.00%	100.00%	\$82,246,610			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$1,516,623	1.84%	2.58%	\$2,123,214	-\$606,591	0.71	not significant
African American Males	\$6,566,358	7.98%	16.30%	\$13,409,773	-\$6,843,415	0.49	< .05 *
Asian American Females	\$697,164	0.85%	1.90%	\$1,564,474	-\$867,309	0.45	not significant
Asian American Males	\$3,698,172	4.50%	5.30%	\$4,358,176	-\$660,004	0.85	not significant
Hispanic American Females	\$673,145	0.82%	0.95%	\$782,237	-\$109,092	0.86	----
Hispanic American Males	\$5,441,683	6.62%	13.18%	\$10,839,567	-\$5,397,884	0.50	< .05 *
Native American Females	\$0	0.00%	0.00%	\$0	\$0	----	----
Native American Males	\$0	0.00%	0.14%	\$111,748	-\$111,748	0.00	----
Caucasian Females	\$4,506,028	5.48%	3.40%	\$2,793,703	\$1,712,325	1.61	**
Caucasian Males	\$59,147,436	71.91%	56.25%	\$46,263,718	\$12,883,718	1.28	< .05 †
TOTAL	\$82,246,610	100.00%	100.00%	\$82,246,610			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$2,886,933	3.51%	5.43%	\$4,469,924	-\$1,582,992	0.65	not significant
Minority Males	\$15,706,213	19.10%	34.92%	\$28,719,265	-\$13,013,051	0.55	< .05 *
Caucasian Females	\$4,506,028	5.48%	3.40%	\$2,793,703	\$1,712,325	1.61	**
Caucasian Males	\$59,147,436	71.91%	56.25%	\$46,263,718	\$12,883,718	1.28	< .05 †
TOTAL	\$82,246,610	100.00%	100.00%	\$82,246,610			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$18,593,146	22.61%	40.35%	\$33,189,189	-\$14,596,043	0.56	< .05 *
Women Business Enterprises	\$4,506,028	5.48%	3.40%	\$2,793,703	\$1,712,325	1.61	**
Minority and Women Business Enterprises	\$23,099,174	28.09%	43.75%	\$35,982,892	-\$12,883,718	0.64	< .05 *
Caucasian Male Business Enterprises	\$59,147,436	71.91%	56.25%	\$46,263,718	\$12,883,718	1.28	< .05 †

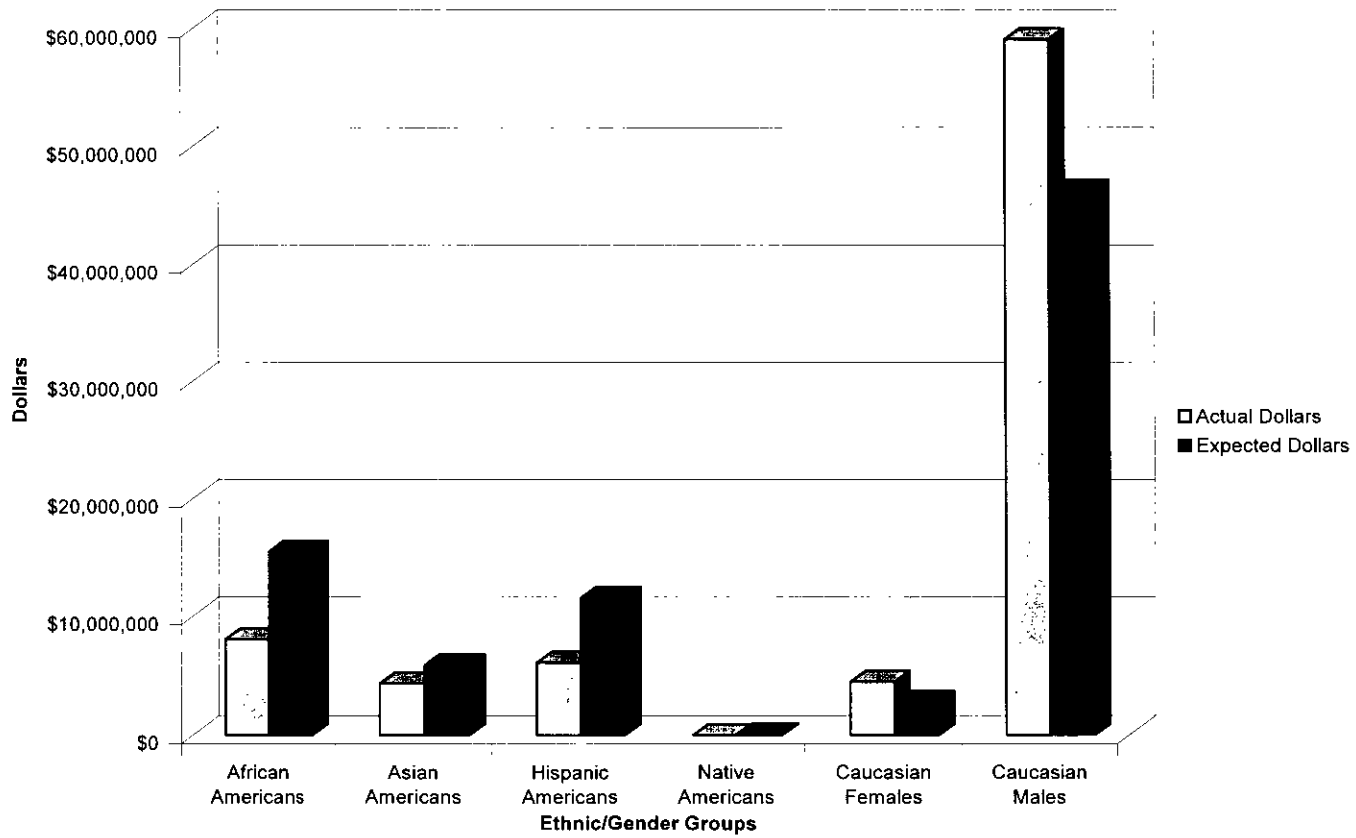
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) denotes that this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 9.01 Disparity Analysis: Construction Subcontracts, July 1, 2003 to June 30, 2005



**B. Architecture and Engineering
Subcontractor Analysis: July 1, 2003 to
June 30, 2005**

The disparity analysis of architecture and engineering subcontract dollars is depicted in Table 9.02 and Chart 9.02.

African American Businesses represent 9.74 percent of the available architecture and engineering firms and received 6.48 percent of the architecture and engineering subcontract dollars. This underutilization is not statistically significant.

Asian American Businesses represent 16.24 percent of the available architecture and engineering firms and received 35.47 percent of the architecture and engineering subcontract dollars. This study does not test statistically the overutilization of minority groups.

Hispanic American Businesses represent 4.27 percent of the available architecture and engineering firms and received 1.25 percent of the architecture and engineering subcontract dollars. This underutilization is not statistically significant.

Native American Businesses represent 0.17 percent of the available architecture and engineering firms and received none of the architecture and engineering subcontract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 30.43 percent of the available architecture and engineering firms and received 43.2 percent of the architecture and engineering subcontract dollars. This study does not test statistically the overutilization of minority groups.

Women Business Enterprises represent 10.26 percent of the available architecture and engineering firms and received 4.75 percent of the architecture and engineering subcontract dollars. This underutilization is not statistically significant.

Minority and Women Business Enterprises represent 40.68 percent of the available architecture and engineering firms and received 47.94 percent of the architecture and engineering subcontract dollars. This study does not test statistically the overutilization of minority and women business groups.

Caucasian Male Business Enterprises represent 59.32 percent of the available architecture and engineering firms and received 52.06 percent of the architecture and engineering subcontract dollars. This study does not test statistically the underutilization of Caucasian Males.

Table 9.02 Disparity Analysis: Architecture and Engineering Subcontracts, July 1, 2003 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$269,560	6.48%	9.74%	\$405,470	-\$135,909	0.66	not significant
Asian Americans	\$1,475,869	35.47%	16.24%	\$675,783	\$800,086	2.18	**
Hispanic Americans	\$52,091	1.25%	4.27%	\$177,838	-\$125,747	0.29	not significant
Native Americans	\$0	0.00%	0.17%	\$7,114	-\$7,114	0.00	---
Caucasian Females	\$197,609	4.75%	10.26%	\$426,810	-\$229,201	0.46	not significant
Caucasian Males	\$2,166,269	52.06%	59.32%	\$2,468,385	-\$302,116	0.88	**
TOTAL	\$4,161,398	100.00%	100.00%	\$4,161,398			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$47,935	1.15%	1.37%	\$56,908	-\$8,973	0.84	not significant
African American Males	\$221,626	5.33%	8.38%	\$348,562	-\$126,936	0.64	not significant
Asian American Females	\$332,344	7.99%	3.93%	\$163,611	\$168,734	2.03	**
Asian American Males	\$1,143,525	27.48%	12.31%	\$512,172	\$631,352	2.23	**
Hispanic American Females	\$3,143	0.08%	0.51%	\$21,341	-\$18,198	0.15	---
Hispanic American Males	\$48,948	1.18%	3.76%	\$156,497	-\$107,549	0.31	not significant
Native American Females	\$0	0.00%	0.00%	\$0	\$0	---	---
Native American Males	\$0	0.00%	0.17%	\$7,114	-\$7,114	0.00	---
Caucasian Females	\$197,609	4.75%	10.26%	\$426,810	-\$229,201	0.46	not significant
Caucasian Males	\$2,166,269	52.06%	59.32%	\$2,468,385	-\$302,116	0.88	**
TOTAL	\$4,161,398	100.00%	100.00%	\$4,161,398			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$383,422	9.21%	5.81%	\$241,859	\$141,563	1.59	**
Minority Males	\$1,414,098	33.98%	24.62%	\$1,024,344	\$389,754	1.38	**
Caucasian Females	\$197,609	4.75%	10.26%	\$426,810	-\$229,201	0.46	not significant
Caucasian Males	\$2,166,269	52.06%	59.32%	\$2,468,385	-\$302,116	0.88	**
TOTAL	\$4,161,398	100.00%	100.00%	\$4,161,398			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$1,797,520	43.20%	30.43%	\$1,266,203	\$531,317	1.42	**
Women Business Enterprises	\$197,609	4.75%	10.26%	\$426,810	-\$229,201	0.46	not significant
Minority and Women Business Enterprises	\$1,995,129	47.94%	40.68%	\$1,693,013	\$302,116	1.18	**
Caucasian Male Business Enterprises	\$2,166,269	52.06%	59.32%	\$2,468,385	-\$302,116	0.88	**

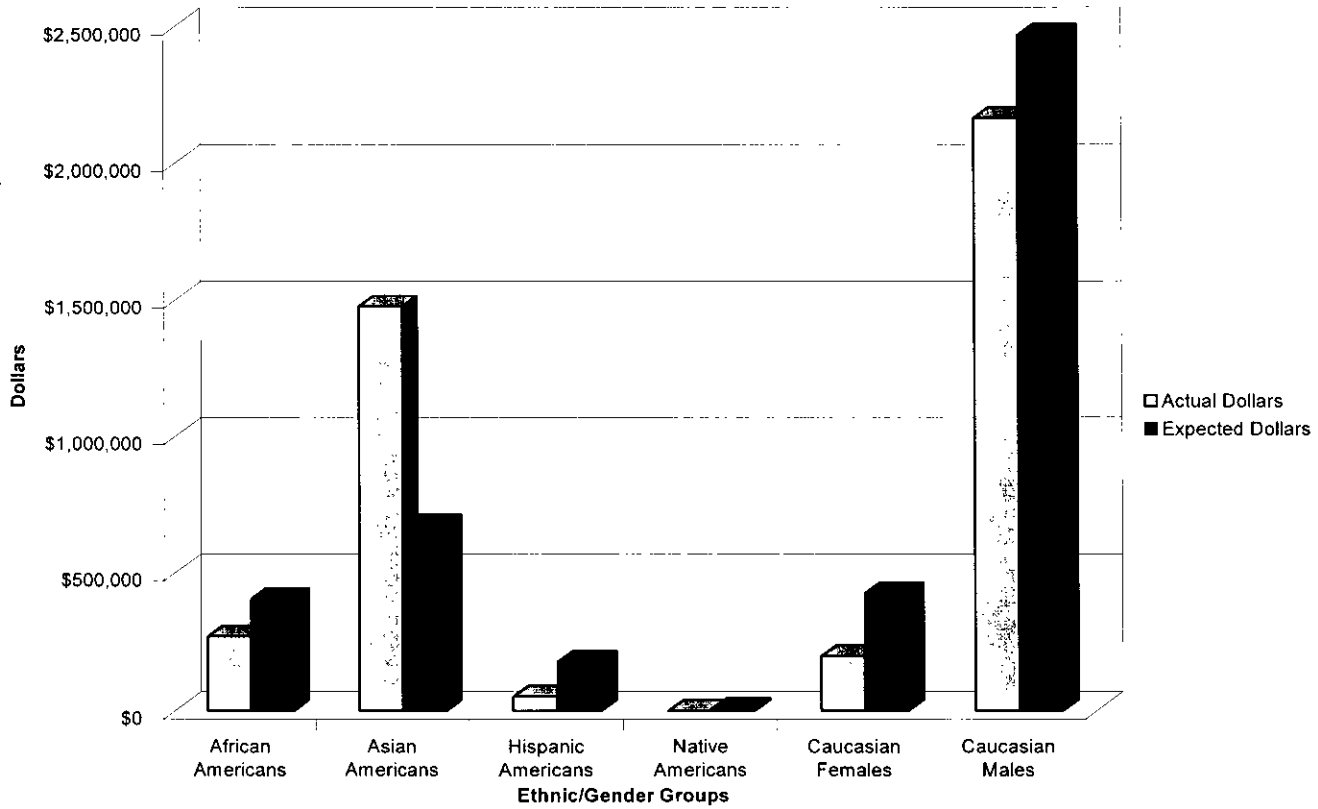
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) denotes that this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(---) denotes an underutilized group with too few available firms to test statistical significance.

Chart 9.02 Disparity Analysis: Architecture and Engineering Subcontracts, July 1, 2003 to June 30, 2005



**C. Professional Services Subcontractor
Analysis: July 1, 2003 to June 30,
2005**

The disparity analysis of professional services subcontract dollars is depicted in Table 9.03 and Chart 9.03.

African American Businesses represent 14.46 percent of the available professional services firms and received 22.28 percent of the professional services subcontract dollars. This study does not test statistically the overutilization of minority groups.

Asian American Businesses represent 7.79 percent of the available professional services firms and received 5 percent of the professional services subcontract dollars. This underutilization is not statistically significant.

Hispanic American Businesses represent 3 percent of the available professional services firms and received 0.07 percent of the professional services subcontract dollars. This underutilization is not statistically significant.

Native American Businesses represent 0.33 percent of the available professional services firms and received none of the professional services subcontract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

Minority Business Enterprises represent 25.58 percent of the available professional services firms and received 27.35 percent of the professional services subcontract dollars. This study does not test statistically the overutilization of minority groups.

Women Business Enterprises represent 10.01 percent of the available professional services firms and received 18.04 percent of the professional services subcontract dollars. This study does not test statistically the overutilization of women business groups.

Minority and Women Business Enterprises represent 35.6 percent of the available professional services firms and received 45.39 percent of the professional services subcontract dollars. This study does not test statistically the overutilization of minority and women business groups

Caucasian Male Business Enterprises represent 64.4 percent of the available professional services firms and received 54.61 percent of the professional services subcontract dollars. This study does not test statistically the underutilization of Caucasian Males.

Table 9.03 Disparity Analysis: Professional Services Subcontracts, July 1, 2003 to June 30, 2005

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Ethnicity	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African Americans	\$518,707	22.28%	14.46%	\$336,667	\$182,041	1.54	**
Asian Americans	\$116,479	5.00%	7.79%	\$181,282	-\$64,803	0.64	not significant
Hispanic Americans	\$1,559	0.07%	3.00%	\$69,923	-\$68,364	0.02	not significant
Native Americans	\$0	0.00%	0.33%	\$7,769	-\$7,769	0.00	----
Caucasian Females	\$420,077	18.04%	10.01%	\$233,077	\$187,000	1.80	**
Caucasian Males	\$1,271,357	54.61%	64.40%	\$1,499,461	-\$228,105	0.85	**
TOTAL	\$2,328,179	100.00%	100.00%	\$2,328,179			
Ethnicity and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
African American Females	\$15,929	0.68%	6.23%	\$145,026	-\$129,097	0.11	not significant
African American Males	\$502,778	21.60%	8.23%	\$191,641	\$311,137	2.62	**
Asian American Females	\$0	0.00%	3.11%	\$72,513	-\$72,513	0.00	not significant
Asian American Males	\$116,479	5.00%	4.67%	\$108,769	\$7,710	1.07	**
Hispanic American Females	\$0	0.00%	1.00%	\$23,308	-\$23,308	0.00	not significant
Hispanic American Males	\$1,559	0.07%	2.00%	\$46,615	-\$45,056	0.03	not significant
Native American Females	\$0	0.00%	0.11%	\$2,590	-\$2,590	0.00	----
Native American Males	\$0	0.00%	0.22%	\$5,179	-\$5,179	0.00	----
Caucasian Females	\$420,077	18.04%	10.01%	\$233,077	\$187,000	1.80	**
Caucasian Males	\$1,271,357	54.61%	64.40%	\$1,499,461	-\$228,105	0.85	**
TOTAL	\$2,328,179	100.00%	100.00%	\$2,328,179			
Minority and Gender	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Females	\$15,929	0.68%	10.46%	\$243,436	-\$227,507	0.07	< .05 *
Minority Males	\$620,816	26.67%	15.13%	\$352,205	\$268,611	1.76	**
Caucasian Females	\$420,077	18.04%	10.01%	\$233,077	\$187,000	1.80	**
Caucasian Males	\$1,271,357	54.61%	64.40%	\$1,499,461	-\$228,105	0.85	**
TOTAL	\$2,328,179	100.00%	100.00%	\$2,328,179			
Minority and Females	Actual Dollars	Utilization	Availability	Expected Dollars	Dollars Lost	Disp. Ratio	P-Value
Minority Business Enterprises	\$636,745	27.35%	25.58%	\$595,641	\$41,104	1.07	**
Women Business Enterprises	\$420,077	18.04%	10.01%	\$233,077	\$187,000	1.80	**
Minority and Women Business Enterprises	\$1,056,822	45.39%	35.60%	\$828,718	\$228,105	1.28	**
Caucasian Male Business Enterprises	\$1,271,357	54.61%	64.40%	\$1,499,461	-\$228,105	0.85	**

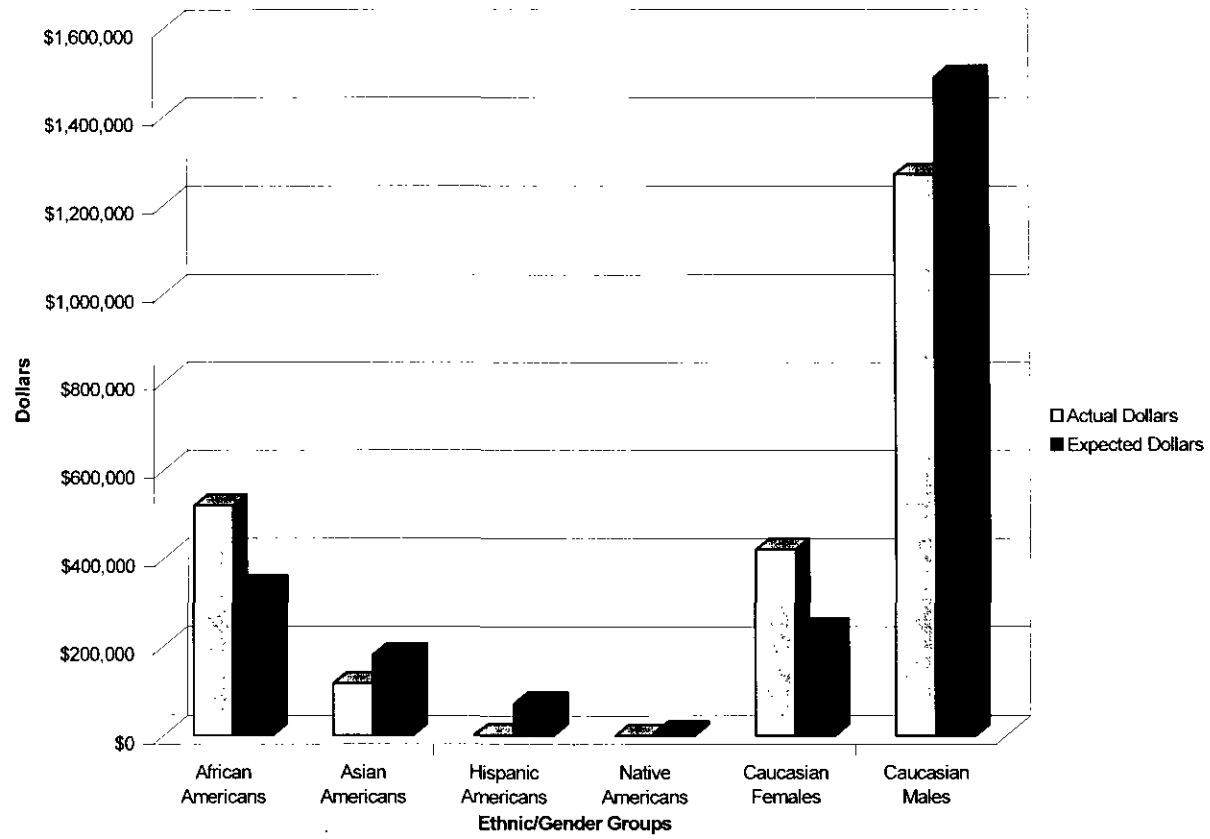
(*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(**) denotes that this study does not test statistically the overutilization of M/WBEs or the underutilization of Caucasian males.

(----) denotes an underutilized group with too few available firms to test statistical significance.

Chart 9.03 Disparity Analysis: Professional Services Subcontracts, July 1, 2003 to June 30, 2005



III. SUBCONTRACTOR DISPARITY SUMMARY

The subcontractor disparity findings in the industries under consideration are summarized in Table 9.04 below.

As indicated in Table 9.04, construction subcontracts had a statistically significant disparity for African Americans, Asian Americans and Hispanic Americans but not for Native Americans or Women Business Enterprises. No statistically significant disparity was found in architecture and engineering and professional services subcontracts for any minority group or Women Business Enterprises.

Table 9.04 Subcontractor Disparity Summary, July 1, 2003 to June 30, 2005

Ethnicity / Gender	Construction	Architecture and Engineering	Professional Services
African Americans	Yes	No	**
Asian Americans	Yes	**	No
Hispanic Americans	Yes	No	No
Native Americans	---	---	---
Minority Business Enterprises	Yes	**	**
Women Business Enterprises	**	No	**
Minority and Women Business Enterprises	Yes	**	**

- Yes = Statistically significant disparity was found
- No = Statistically significant disparity was not found
- = There were insufficient records to determine statistical disparity
- ** = The study did not test statistically the overutilization of M/WBEs



10

ANECDOTAL ANALYSIS

I. INTRODUCTION

The United States Supreme Court, in its 1989 decision *City of Richmond v. J.A. Croson Co.*, specified the use of anecdotal testimony as a means to determine whether remedial race-conscious relief may be justified in a particular market area. In its *Croson* decision, the Court stated that “evidence of a pattern of individual discriminatory acts can, if supported by appropriate statistical proofs, lend support to a [local entity’s] determination that broader remedial relief [be] justified.”¹

Anecdotal testimony of individual discriminatory acts can, when paired with statistical data, document the routine practices by which minority and women-owned businesses (M/WBEs) are excluded from business opportunities within a given market area. The statistical data can quantify the results of discriminatory practices, while anecdotal testimony provides the human context through which the numbers can be understood. Anecdotal testimony from business owners provides information on the kinds of barriers that the business owners believe exist within the market area, including the means by which those barriers occur, who perpetrates them, and their effect on the development of M/WBEs.

A. Anecdotal Evidence of Active or Passive Participation

Croson authorizes anecdotal inquiries along two lines. The first approach investigates active government discrimination or formal acts of exclusion that are undertaken by representatives of the local government entity. The purpose of this examination is to determine whether the government has committed acts that bar minority and women business owners from government contracting opportunities.

¹ *Croson*, 488 U.S. at 509

The second line of inquiry examines the government's "passive" support of exclusionary conditions that occur in the market area into which its funds are infused. "Passive" governmental exclusion results when government officials knowingly either use public monies to contract with companies that discriminate against M/WBEs, or fail to take positive steps to prevent discrimination by contractors who receive public funds.²

Anecdotal accounts of passive discrimination delve, to some extent, into the activities of purely private-sector entities. In a recent opinion, the Tenth Circuit Court of Appeals has cautioned that anecdotal accounts of discrimination are entitled to less evidentiary weight, to the extent that the accounts concern more private than government-sponsored activities.³ Nonetheless, when paired with appropriate statistical data, anecdotal evidence that the entity has engaged in either active or passive forms of discrimination can support the imposition of a race or gender-conscious remedial program. Anecdotal evidence that is not sufficiently compelling, either alone or in combination with statistical data, to support a race or gender-conscious program is not without utility in the *Croson* framework. As *Croson* points out, jurisdictions have at their disposal "a whole array of race-neutral devices to increase the accessibility of city contracting opportunities to small entrepreneurs of all races."⁴ Anecdotal accounts can paint a finely detailed portrait of the practices and procedures that generally govern the award of public contracts in the relevant market area. These narratives can thus identify specific generic practices that can be implemented, improved, or eliminated in order to increase contracting opportunities for businesses owned by all citizens.

This chapter presents anecdotal accounts excerpted from interviews with businesses domiciled in the City of Oakland (City). The anecdotes provide accounts of both active and passive discrimination encountered by the business community.

B. Anecdotal Methodology

The method of gathering anecdotal testimony was the oral history interview. Oral history is defined by the *American Heritage Dictionary* as "historical information obtained in tape-recorded interviews with individuals having firsthand knowledge." In-depth interviews have been determined by Mason Tillman Associates to be superior to the other forms of gathering anecdotal evidence—mail, telephone survey, or public hearing testimony. It affords the researcher a greater opportunity to garner in-depth accounts of testimony to assess the effects of exclusionary practices on M/WBEs and the means by which these practices occur. The

² *Croson*, 488 U.S. at 491-93, 509.

³ *Concrete Works*, 36 F.3d at 1530: "while a fact finder should accord less weight to personal accounts of discrimination that reflect isolated incidents, anecdotal evidence of a municipality's institutional practices carry more weight due to the systemic impact that such institutional practices have on market conditions."

⁴ 488 U.S. at 509.

in-depth interviews are also structured in a manner that affords M/WBEs a process in which their anonymity can be preserved.

By allowing interviewees to describe in their own words the details of the barriers they have experienced in conducting business, information can be collected as to how barriers occur, who creates them, and how they affect the development of M/WBEs. Thus, the information obtained not only sheds light on the City, but offers vital insights on future program needs and changes.

Potential interviewees were identified using contract and certification records, community meetings, and other sources. Once identified, interviewees were pre-screened to determine if they operated within the defined market area, and were willing to commit to the interview process.

The interviews lasted on average one hour. A set of probes were designed to cover all aspects of business development, from start-up, to growth issues, and both public and private sector experiences.

Once completed, the interviews were transcribed and analyzed for barriers M/WBEs encounter. From this analysis of the transcripts, the anecdotal report was completed. The anecdotal report describes general market conditions, prime contractor barriers, and the range of experiences encountered by interviewees attempting to do business in the City's market area generally, and with the City, specifically.

II. BUSINESS BARRIERS

A. Racial Barriers

The interviewees reported incidences of racial prejudice encountered when working for the City and within the City. Stereotyping and prejudice based on race and gender makes minority business owners' attempts to gain fair access to business opportunities more difficult, if not impossible. It also increases the cost of doing business.

A Caucasian female owner of a construction-related company reported an incident when her company was hired by a majority-owned prime contractor to manage a local minority subcontractor:

There was a project in the City of Oakland where a bigger contractor got the job. They hired us to hire and manage the local [minority subcontractors]. They told the subcontractor, 'If we had it our way, we would never hire you at all. We would not work with you ever.' So, they paid us to hire the

locals because they had to have them on the site, but they did not want to bother with them. The general contractor charged half a million dollars for the scope of work that [the subcontractor] did, and he paid them maybe a \$100,000. The prime contractor's name was [company name withheld] and they were primarily White men. [The subcontractor] did not complain because she was a minority and she didn't want to make waves.

This minority male owner of an engineering firm reported on an incident where he believed his award was rescinded because of his race:

I have had awards taken away from [my company] when it was [determined that] we were a Black firm.

This same business owner also believed that race is a major barrier for minority-owned engineering firms in the Bay area:

My race is the reason my business is small. There are not many Black engineering firms of any size in the State of California. Whereas in other places, they have African American firms of considerable size, but in the Bay area and in Los Angeles, there are not.

A minority female owner of a services company reported an incident where she believed her firm was unfairly treated by the selection panel during an interview for a contract with a local government agency:

We were a potential prime contractor on a two-and-a-half million dollar contract with a utility company. And we made it to the interview or source selection committee stage. They were not happy [that we were] allowed to bid on the job in the first place. So, I felt a strong racist undertone [during the interview] because of the nature of the questions [we were asked]. It was a very tense meeting. The lead [interviewer] on the selection committee was the same person who did not want [us] to bid on the job. So she made no bones about the fact that she felt that we were not qualified to do the job. She asked my [Caucasian] business partner why does he [works] with me and my company because we are a small business.

I complained to the Supplier Diversity person, who notified me of the opportunity, immediately to inform her of the

[outcome of the interview]. She said she would look into it, but she did not have the authority to do anything about it. But, I just wanted her to be aware of it. [My competitor] had been in business a lot longer than I. Their firm is located in San Francisco and are owned by a well-known, powerful White male and they were currently working on the contract.

A minority male owner of an architectural firm believed some City agencies prefer working with Caucasian female business owners rather than African American male business owners:

We have participated in a number [interviews] for different design projects and [because] of our qualifications, [they erroneously] believe [we] are a White-owned firm. And, [when] we come through the door, they say, 'Oh, wait a minute.'

We have been told by committee members and by our consultants that we made a good presentation, but we still do not get the project. It was fairly obvious why we were not selected. They would rather give [the work] to a White female than a Black male, which is what happened.

A minority female owner of a professional services firm believed that she is judged unfairly as a business owner because of her ethnicity:

My phone voice sounds different than the sound of my voice when you talk to me in person. And [some people say] 'Oh! You are the inspector.' Sometimes when I am in San Rafael or some other place working with my camera in hand, people [will say], 'Oh, what are you doing? It's because of the idea that there is a Black woman jumping out of a car with a camera. If I am going to case their place, I would [not] be in the middle of the street with a camera [during] the middle of the day.

A minority male owner of a consulting firm also believed his work is often judged negatively because of his ethnicity:

Throughout my 20-year career my race has been a [negative] factor. I don't like to use [this term] but there is such a thing as 'Black work.' [This is work where] African Americans or other people of color are involved in doing the work. Also, when there are no African Americans or other people of color

involved in the [assessment of my work], it is usually [judged negatively].

This minority female owner of a professional services firm reported that she believed her race is a negative factor when she tries to obtain contracts:

I think racism is more of an issue now. When I will talk to people on the phone, apparently they cannot determine that [I am] Black. But, when I show up to their office they are totally dumbfounded. I even had somebody tell me, 'I can't believe you are the same person I spoke to.'

I have gone on interviews and sat in a lobby waiting for the interviewer to come out, and they look around again and again. Then they look [at] the receptionist [and say], 'Has the [interviewee name withheld] gotten here yet?' What else can be deduced from that but the fact that they were looking for somebody who was White, or certainly not Black.

However, this minority female owner of a professional services firm that had been in business for over several decades firmly believed that the City prefers working with African American business owners:

I have no proof, but I believe that if I were an African American in the City of Oakland, I would be doing much better. [It seems] all the people in power seem to favor [working] with African Americans.

B. Gender Barriers

Sexist and unfair treatment toward woman-owned business owners were reported by several interviewees. Some female business owners believed that they have to overcome hurdles that their male counterparts are not subjected to because of their gender.

A minority female owner of a professional services firm believed that women have to prove themselves as capable, while their male counterparts are given the benefit of the doubt:

The [field] of environmental consulting is pretty much male-dominated and I deal with [sexism] a lot. My gender has had a negative impact [on my business]. It's another hurdle that [women] have to get over that [our male] competitors do not [encounter]. I have to prove myself as a woman, and I don't get the benefit of the doubt. [So], I lose contracts to my [male

competitors] because some people never give us a chance to prove ourselves. And we get fewer opportunities to prove ourselves.

A minority female owner of a professional services firm reported that some of her male colleagues are threatened by her because she is a female business owner:

My field is dominated by men, and there are not many women in the field. I am a [minority] woman, but women in general are threatening to some of the [men in my field]. In my [organization name withheld] chapter meetings there are some people who look at me like, 'What is she doing here?' There are [some males] in my chapter that won't speak to me because I'm a woman. I have been there for the last three years and I'm not going anywhere.

This minority female owner of a professional services firm reported that she is often subjected to sexist comments:

I have been harassed by . . . sexist comments. [I have been told], 'Obviously, she has a bur up her butt.' [Those are the] types of inappropriate comments to which I have been subjected. [I do not complain because] I feel that [this type of behavior] is inherent.

This minority female owner of a professional services firm also believed that sexism is more prevalent in the construction industry:

Traditionally, sexism is more of an issue in industries where there are very few women, and construction certainly is still one of those industries. That is one of the reasons [why] a lot of [women] leave [this field].

This Caucasian female owner of a professional services firm for seven years believed that women business owners are still subjected to sexist treatment:

I think it is really tough for women. . . . I have had people look at my chest when I'm talking to them or people make jokes about dumb blondes. When a guy looks at my chest while I'm talking to him, I say, 'Do I have something on my shirt?'

III. BARRIERS CREATED BY THE CONTRACTOR COMMUNITY

A. Difficulty Breaking Into the Contracting Community

Traditionally, large corporations and majority-owned businesses have dominated the public and private contracting sectors. As a result, they have developed longstanding business and personal networks that systematically exclude minority and woman-owned businesses.

A minority male owner of a professional services firm believed that the City purposely prevents new businesses from obtaining City contracts:

I think that [there are systems in place] that are specifically designed to keep out who they want to keep out [of public contracting]. If you do not have a history [with the City] they will more than likely respond to [a prime contractor] that they have a reputable history with. They do not trust the new guy on the block.

A minority female owner of a professional services firm believed that personal connections with key decision makers are needed to obtain a City of Oakland contract:

I usually have an idea of whom the [City] is going to hire. [If] you don't get to key [decision makers] to make your company known, the business owner that has [the] contacts or better connections will [get the job]. I believe that [my bid responses] are put into a circular file. This has resulted in missed opportunities to grow my company. If [small businesses] do not have access to information about [bid] opportunities then they will stay small.

This minority female owner of a professional services firm reported that the biggest obstacle for his company is breaking into the contracting network:

The biggest [obstacle] for me is trying to break through [the contracting network]. [This problem is with] the City of Oakland and the City of Piedmont. I think it's a matter of being an unknown. They already have people that they are comfortable dealing with. So, the biggest issue is just getting an audience to convince them that we have something valuable to offer. I have not gotten an opportunity to start on

an even playing field. It's an uphill climb. It is hard to build a clientele when you're trying to overcome prejudice.

A minority male owner of a professional services firm reported that his company has been denied work because another business was already selected before the interview:

There has been a couple [of instances] where we were rejected because they had already made a selection prior to the interview. The interview was just a formality. We didn't make a complaint because as a [professional services] contractor, if you complain they can bar you from bidding on a project. So, we may not be invited to submit a bid on another project after we complain.

A minority female owner of a services firm reported that efforts to network to obtain business for her company have not been fruitful:

I can network all day long, but do not get anything. And it's also very expensive to [join networks], which can be prohibitive for most minority firms. It [can] cost thousands of dollars a year to join networking organizations.

This minority female owner of a professional services firm reported on the lack of support she received from some agencies after she attended a business networking event:

I found it very difficult to break into the [public] arena in terms of finding opportunities. I did attend a small business [networking] event last year and I tried to follow up with a number of government agencies. It was an exercise in futility because these people [seemed] to show interest, and they encouraged me to get certified to get a contract. But, when I used the contact information they gave me, I only was able to talk to [one person] since that time. And the rest of them have not returned my messages. If they're not interested, then I would prefer that I know that early on.

However, this Caucasian male owner of a services company reported that he had not experienced any difficulties participating in networking events in the City of Oakland:

I have not had any difficulties with networking events. I go to networking events in the City of Oakland. I think this phone call has come from one of the networking events that I [attended].

B. Good Old Boys Network

Many minorities and women find it challenging to crack the closed social and professional “good old boys” network, which they believe deliver a disproportionate number of contracts to a select few Caucasian male contractors.

This minority male owner of an architectural firm believed the private developers that work on City projects prefer working with businesses that are a part of the old boys network. He also stated that it is especially difficult for African American-owned firms to team with private developers:

Since many cities have tight budgets, they have partnered with private developers to [work] on a lot of projects. A lot of the developers are good White ole’ boys who come from old family or real estate wealth. They have their own set of architects that they work with [the majority of] the time. This makes it hard to get on teams for public [contracts].

The City of Oakland’s staff is very good but it is hard to hook up with private developers. The City has been very helpful but the developers stick to their same ‘ole boys’ network. So, I mean that the City offers financing for a lot of those projects. They offer municipal bonds for those developers, but very few of us in the minority design community get a chance to partner with those developers on partially publicly financed projects. I don’t know about Hispanic [Americans] or Asian [Americans’] difficulties, but I know that it is tough for Black guys to get on these White development teams. If you are part of the ‘good ole’ boy’ White network, you get more business. When you have those relationships, like a college roommate with a Daddy who owns a big corporation, then you are going to get the big corporate business. It’s White people that have those kind of long standing relationships. If you are Black you don’t have those opportunities.

This minority female owner of a services company believed the City prefers to work with businesses that are a part of the good old boys network:

It’s the same thing, the good old boys or brothers . . . who are at the top of the list. They [are they business owners that] are getting calls [from the City]. If you [are not part of the network] then you are never going to get a call. I think that

there is a perception that small businesses are equal to a small mind. [Many] agencies and contracting offices are stuck in the good old boy days.

A minority male owner of a professional services firm also believed the City prefers to work with businesses that are part of the good old boys network:

Many believe that our work [should be performed] by a White business. The industry is still dominated by the good old boys. The City of Oakland is no different from any other environment where [decision makers] feel comfortable [working] with the good old boys. [Trying to] break through the old boys' network has been a real obstacle [for my business].

This Caucasian female owner of a professional services firm believed that the good old boys network controls the available work in her industry:

In the [industry type withheld] there is a good old boy network, especially with the big companies because they are the ones that are still getting the contracts.

A minority female owner of a professional service firm believed that the good old boys network is a major factor as to why women are not succeeding in her field:

In my industry women are not powerful because of the good old boys [network].

And this Caucasian female owner of a services firm believed that the good old boys network exists in the City of Oakland:

There is a good old boys network in place [in the City of Oakland].

IV. DIFFICULTIES IN THE CONTRACTING PROCESS

A. Difficulty Obtaining Bid Information

In order to be placed on the public and private bidding lists, contractors must constantly follow up with inquiries, and even then, they often do not receive notice of bid opportunities. Several interviewees reported that there is a problem getting bid information from the City.

A minority female owner of a professional services firm reported on the difficulties she has encountered trying to get on the City's bidders' list:

I received a notification by e-mail about [getting on a bid list] and [I was instructed to respond] to an email address. I did and I never heard anything back. I sent it again and I did not get a response. It seems that it's incumbent upon the [business owner] to have a lot of time to physically go to these agencies to get information and make personal contacts with the City managers to be able to navigate [through the system] successfully.

A Caucasian male owner of a professional services firm also reported that he experienced difficulty getting on the City's vendor list:

We had some problems [getting on the vendors' list] and we never [received] a response to [our] application. So, I never learned whether I was on the vendor's list. When I tried to [verify if we were on the list], they could never find our name on the list. This [also] happened with the General Services Agency. [We tried] at least four or five [times] because we were very interested in bidding at that time and we needed to be on the list. But, they never found our application.

A Caucasian female owner of a services firm reported that she had not been able to get on the City's vendor list:

We have not received bids even though I have registered with the City of Oakland under certain product categories. I am aware that they procure services for the product categories we provide, yet we don't get requests for bids. I attempted to make phone calls to the Purchasing Department and the voice-mail box was full. So, I don't know what [bids are out] for the City of Oakland because we could not reach anyone to get on their [bidders] list.

This minority female owner of professional services firm had not been able to get on the City's or the Port of Oakland's vendor list after trying for a year:

[I had problems trying to get on the bidders' list] with the Port of Oakland and the City of Oakland. I am [still] in the process of trying to get on their lists. After a year still nothing has happened.

A minority male owner of a professional services firm reported that he was not able to get on the City's bidders' list because he was told incorrect information by a City representative:

I had some difficulty with the City of Oakland because I was told several different stories. One was that my business had to be operating for one year in Alameda County. I learned a year later, after I'd been in the County for a year, that I had to be a resident of the City of Oakland in order to get a license. So I never made the bidders list for the City of Oakland.

This Caucasian female owner of a professional services firm for 30 years also experienced difficulty trying to obtain bid information on City projects:

In the past, a lot of agencies would notify us if an RFQ or an RFP was coming out. Now they issue notices online. And, unless you have someone that can constantly [check for notices online] it's a real pain. Frankly, I do not have the time to do that. As far as the City of Oakland I don't even know what their bidding process looks like. Even though I pay my business taxes to the City of Oakland, I have never [received] anything from them that indicates how to [get on their bidders' list].

A minority male owner of an engineering firm reported that his company has encountered difficulties remaining on the City's bidder's list:

We have had difficulties in the past maintaining our name on the consultant's list with the City of Oakland. For some reason we can't keep our name on the list so we have to check [periodically]. So, when other firms get the notices, we do not. We've had this problem with a number of agencies in the bay area, including the City of Oakland and the City of San Francisco. We have contacted them and asked them to please put our name back on the list, and they comply but when we check the next year our name is off again. I don't think they want any competition, but I believe that race has a lot to do with the fact that [our name] is constantly [being] deleted from many lists. I do get an apology from time to time and they say, "[name withheld], I can't figure out why your name is not on the list anymore." This has affected our business enormously because since we can't find out [about upcoming] projects, we cannot propose on them. So, it has definitely impacted us in terms of our size and our gross revenue.

This minority male owner of a professional services firm has become a part of the good old boys network because of his 26 year relationship with the City:

I have a longstanding relationship with the City of Oakland. In fact, I started doing work for the City back in 1980. So, they will call me and ask me if I'm interested in bidding on a job [in my field]. I have the good fortune that they want me to bid on their job. I have not had any issues regarding [obtaining] information about potential jobs that are going out to bid [with the City].

This minority male owner of a construction-related company believed the City should adopt the bid notification procedures used by Sacramento County:

I called the City to find out who was in charge of construction contracts for parking garages and I got such a run-around. They could not tell me who [was in charge of that] department. To this day, I never found out who was responsible for controlling the contracting. And we are still not on their [vendor] list. Sacramento County has taken great steps to inform business owners of upcoming contracting opportunities. The process that they use is really outstanding. They have a bidders list and their computer sends out a lime green email that is automatically generated to vendors that pertain to the product or service they provide. It's a great system. Oakland does not have this system.

This Caucasian female owner of a professional services company reported that she does not know how to find out about upcoming contracting opportunities with the City:

I have no idea what is out for bid. And, I still do not understand how to find out about available business opportunities

B. Inadequate Lead Time

The failure to provide adequate lead time to respond to a request for bid greatly diminishes the chance of minority and woman-owned businesses to successfully bid. Many of the interviewees reported that they receive inadequate time to respond to a request for bid.

A Caucasian female owner of a professional services company believed that a bid she responded to might have been successful if she had more time to respond:

I participated as a subcontractor for [a project] with Alameda County Transportation Improvement Authority and there was very little lead time. But the [prime contractor] managed to get it in. We did not make the cut, but I think [if we had] a longer period of time, it might have helped because we really [needed] two or three weeks [to adequately respond].

A minority male owner of a professional services company reported that he typically gets inadequate lead time to respond to a bid:

[Bid notices from prime contracts] have inadequate lead time a 100 percent [of the time].

In some situations the bid process may be unformed regarding the time required to prepare a bid or the solicitation process may be a formality because the decision-makers may have already identified a preferred contractor. A minority female owner of a services firm also receives requests for bids with an inadequate lead time:

About 20 percent of the bids [we receive are late]. [A bid is] late if the contracting office puts out a solicitation a week or two before the proposal due date. [A contracting officer] gave me . . . a week [to respond] which is ridiculous. So I called him and I said, 'What the hell are you doing?' He finally came to his senses and said, 'Send me a list of questions?' Obviously, this is a situation where the guy didn't know what he [was doing]. A lot of contracting officers don't have a clue. Sometimes you find out that they already knew what business they want [for the job].

This same business owner also complained that sometimes there is not adequate time to obtain a bid bond before the bid response due date:

I also experienced a very tight turnaround time between the issuance of the solicitation and the due date of the bid bond. I have complained to the offices that put the bids out. But, you have to be careful when you [complain] because if you anger them, your [bid response] might end up in a round file. So you have to be very diplomatic about how to approach the situation.

A minority male owner of an engineering firm for 17 years reported that prime consultants frequently provide inadequate lead time to prepare bid proposals:

On a lot of projects prime consultants will sit on [the proposal] deciding whether they should go after it. And during this period time is wasted. By the time they decide to go after the bid, there may only be two weeks left, and then they will then notify us. At that time, we do not have a lot of lead time.

A Caucasian female owner of a professional services firm reported that she had as little as one week to respond to a bid for a City agency:

When teamed with [prime consultant name withheld] we had a week to respond. We could not respond within that time period. So the one that we were trying to get was definitely on a short string of time.

This minority female owner of a professional services firm explained the impact on her business when she receives inadequate lead time.

Late notices preclude us from being able to [adequately respond to a] bid.

Finally, this Caucasian male owner of an engineering firm for 60 years reported that his company had not experienced inadequate lead time to respond to the City's request for proposals:

The City's lead time seems to be fairly typical for public agencies for our type of work. It certainly is not too short.

V. CERTIFICATION PROCEDURES

Several interviewees complained about the amount of paperwork required to obtain their L/SLBE certification. A minority male owner of a construction-related firm reported that it took a year to get certified by the City of Oakland:

[We experienced] a lot of difficulty trying to get certified. We tried to get certification for over a year. The process took a very long time. It has been over a year ago that I contacted the City of Oakland to get certified.

A minority female owner of a services firm believed the City should implement reciprocity procedures with other governmental agencies:

We have tried to get certified with the City of Oakland, but if your business is not located within the City of Oakland [you can't get certified]. There is no reciprocity and no such thing as [certification with] the surrounding counties. [I was told that] if your business is not [located] in the City of Oakland, don't waste your time filling out [the application]. But, other counties [use reciprocity] with their surrounding areas. The City and County of San Francisco [will accept certification from businesses located] in Contra Costa County, but not the City of Oakland.

A minority female owner of a professional services firm also explained that reciprocity between local agencies would be beneficial for small business owners:

[The certification process requirements] demands a lot of paperwork. But, hopefully, they will streamline that process. [Even though] they [procure the same services] they do not share [certification] information [between agencies]. The certification documentation should be routinely accepted by agencies within the City or the market area agencies.

This minority female owner of an architectural firm recommends a reciprocity certification process with local agencies within Alameda County:

Universal certification would be helpful. If the public agencies that provide [certification services] had a universal certification process, [it] would save business owners [time completing] the same paperwork for the City of Oakland, County of Alameda, Caltrans, and other agencies that ask for the same information.

A Caucasian female owner of an architectural firm explained that the City's certification process was time consuming because of the required documentation:

The L/SLBE certification process requires way too much paperwork. We sent in an inch-and-a-half of paperwork that consisted of three years of personal income taxes, business taxes, invoices, and a whole lot of other paperwork. It probably took us eight hours to complete the paperwork.

A Caucasian female owner of a professional services company believed that some agencies' certification requirements are excessive while others are tolerable:

I have refrained from applying for certification with the State because the paperwork was excessive. The Port of Oakland's [certification requirements] also requires a lot of paperwork, but it is tolerable.

Finally, this minority female owner of a professional services firm does not characterize the City's certification process as excessive:

[The certification process] is not excessive. Once you understand the process, it's very easy to comply [with the requirements].

VI. FINANCIAL BARRIERS

A. Difficulty Obtaining Financing

One of the most significant hurdles for minority and women business owners is obtaining loans. Many of these business owners endure a vicious cycle of leveraging their personal assets to maintain an adequate level of working capital to sustain or grow their businesses.

A minority male owner of a professional services company reported on a stereotype that he believed is prevalent in the financing industry:

If you are African American and are trying to get a line of credit, it is [automatically assumed] that you are not credit worthy. It's a stereotype that we have to deal with all the time.

This minority male owner of an architectural firm believed his company was unfairly denied financing:

[Financial institution name withheld] was not very helpful. They had pretty much made up their mind based on who I was and my race. They judged me on that. It certainly wasn't told to me why I was rejected. This happens [often in my community].

This minority male owner of a professional services firm described how lack of financing has impacted his business:

[The inability to obtain financing] has affected my business dramatically. I was [forced] to work off of a line of credit with a wholesale house. And it's hard to get work as a prime contractor, so we have work as a subcontractor. How can I [become] a 'Sears & Roebuck' when I am only given 10 percent of the pie?

A minority male owner of an architectural firm reported on the hardships his company faced after a financial institution withdrew his line of credit:

I lost my line of credit from [financial institution name withheld] after having it for ten years. I could not get another line of credit because we reached our limit. We eventually got another line [of credit] after I mortgaged my house. I do not think we were treated fairly. One day they called and said, 'We are turning your line [of credit] over to [financial institution name withheld].' I asked, 'Well, what does that mean?' Basically, they took [away my line of credit] and converted it into a term loan with [financial institution name withheld]. It was a 9 percent interest rate which can really hurt a small business. This really limited our ability to go after new work, and we had to pressure our existing clients to pay on time. We also got behind in paying some of our bills and we lost some employees.

A minority male owner of a construction-related company explained why he believed his company was unfairly denied financing:

I was [denied financing] and I was treated unfairly and unjust because I had a divorce that happened 12 years ago. They turned my company down even though I pay my invoices on time. My company pays our suppliers and our utilities on time. I even showed them where we had contracts that were ongoing for more than \$100,000. I could not get \$5 out of them. So, I believe I was treated unjustly. [A lack of financing] keeps me [out of] the market for construction work. [Some contractors] want us to bid with them, but I cannot because I do not have the finances even though I have the resources. I have good employees to do the work, but [lack of financing] keeps my company small.

A Caucasian female owner of a services company explained that a line of credit she had for 12 years was unfairly converted into a loan:

I had a line of credit for 12 years and they told me that they were going to [convert] it into a loan. They wanted to charge me \$900 to apply for this loan so they could cancel the line of credit. And about six months later they turned my line of credit into a loan. I had a \$50,000 line of credit and now it's a loan. I never missed a payment during the 12 years [I had the line of credit].

A minority male owner of a construction-related company believed that African American businesses are unfairly treated by financing institutions:

The lack of financing [almost depleted] our savings. We basically have to rob Peter to pay Paul to meet our financial business obligations. Our cash flow is basically nil because our expenses are really high, which represents over one-third of our payroll on a biweekly basis. As a [person of color], there are a lot of doors that are shut. There are even doors in the political sector I cannot walk through. [Some financial] institutions advertise for small business loans [but they are] for non-African American businesses.

However, this Caucasian male owner of an engineering company for 60 years reported that his company is self-financed and is not reliant on financial institutions for monetary support:

[Our company] is self-financed. Our corporate headquarters is in [City name withheld] and we have had to do very little in the loan arena.

Finally, this minority male owner of a professional services company reported on the problems he encountered trying to obtain bonding for his company:

They wanted us to collateralize the bond. This is a new [requirement] because the market has tightened up, so the bonding companies are asking for more security. We had to agree to pay 10 percent of the bond as collateral. So, that ties up our money.

B. Late Payment by the City

Many businesses generally depend on being paid in a timely fashion to meet their financial and administrative obligations. Late payments are particularly onerous for minority and woman-owned businesses that experience cash flow problems. Federal, state, and local government procurement regulations specify the methods and timing of payments to participating contractors. However, problems with late payments by government agencies continue to be reported. Many interviewees reported that the City failed to pay them in a timely manner.

A minority male-owned construction-related company reported that he had waited a year and a half for payment from the City:

Just about every contract I have had with the City of Oakland, I am paid at least four or five months from when the work is performed. I think this is an unreasonable amount of time to wait for payment. I have experienced this about 30 times in the past six years. I still have outstanding payments with the City of Oakland, which have extended from four months to eight months. So, there are a lot of payments where I have not gotten paid yet. I guess the longest that I have gone without payment has been about a year-and-a-half. I am not going to bid on another City of Oakland contract until my payments are current with the contracts that I have.

A Caucasian female owner of a professional services firm for 25 years reported having outstanding invoices that were submitted to the City a year ago:

[Late payments from the City] are constant, protracted and annoying. An invoice from a year ago is still not paid. The excuses are rampant, galore, and repetitive. Such as, 'Oh, it's in Accounts Payable, or it's lost, or we can't find the file, etc. They have never ever paid on time. A late payment is anything that goes out of the boundaries of our contract, which requires payments within 30 days. The City of Oakland has only one paying group, accounts payable, and they are always late. We have complained all the way up to the acting boss [name withheld], to no avail. [Unfortunately] the situation has gotten much worse. It takes away a great deal of time [from operating my business] because we I have one

person that is dedicated to chasing after [late payments]. It is very frustrating because we are a very small company.

This minority female owner of a professional services firm reported that she waited seven months to receive a payment from the City:

I think [late payments are caused by] the bureaucracy of the [agency]. I had a situation where I waited almost seven months before I was paid by the City. As a small business seven months is a long time to wait. I consider a payment as late when it is [past due for] more than 90 days. Technically, a late payment is anything more than 30 days on the original invoice. This limits our ability to build our workload.

It took six months for this Caucasian female owner of an architectural firm to receive payment from a City agency:

I have waited six months for payment from a City agency.

A minority female owner of a professional services firm reported that her invoices are not paid until after 60 days:

A late payment is when I receive payments 60 days or later. [My colleagues] that are [people of color] and have a business the size of mine [are experiencing similar problems]. Small businesses can't afford to be paid late, but larger companies have an infrastructure and resources available to carry them. We cannot pay our bills.

A minority female owner of a professional services firm for 22 years usually waits three months before receiving payment from the City:

When I work for the City of Oakland, I [typically] do not [receive] payment until after two to three months. And sometimes I don't get paid unless I call them half a dozen times [inquiring] about my payment. This has happened approximately ten times.

A minority male owner of an engineering firm reported that he had experienced late payments from the City:

We [experienced] late payments all the time from government agencies and I define a late payment as anything over 60 days.

We do the work and then we bill at the end of the month and we allow 30 days. We have had a problem with the City of Oakland with late payments. Sometimes they are slow paying because the construction [part of the project] has not been completed. Late payments are very common for professional services firms.

A minority male owner of an architectural firm reported that he complained to the City about late payments, even though he believed he might experience retaliation:

Yes, we have experienced late payments. After a couple months of not receiving payment, we usually call and find out what the problem is. I usually complain to the supervisor to get movement on the payments. Of course, this makes that individual pissed off, so they will hold up the next payment.

A minority male owner of a professional services firm also reported on the effects of late payments on his small business:

I have had some problems with late payments. We request net 30 days, so anything past 31 days is a late payment. We had to borrow money to pay our bills. But, we can't charge interest on the past-due money that is owed, but we have to pay [interest] on the money we borrow. So it costs us.

This Caucasian male owner of a services firm reported that he had only waited a few weeks after his payment due date from the City.

A late payment is later than the day that it's due on your contract. I have received late payments from the City of Oakland after a couple of weeks past the due date.

This Caucasian male owner of a 60 year old services company reported that he does not receive late payments, in fact his payments are usually received early:

No, we do not receive our payments late, usually they are early. [Our payments are received on time] 100 percent of the time.

C. Late Payments by Prime Contractors

Subcontractors experience extreme financial burdens when the governmental agency pays its prime contractors late. Furthermore, late payments by prime contractors is another factor that threatens the longevity of minority and woman-owned businesses.

These interviewees reported on the negative impact late payments had on their small businesses. This Caucasian female owner of a construction-related company reported that late payments from prime contractors have had a devastating effect on her small business:

Our company had problems with the IRS which were generated by non payments from general contractors. The City of Oakland paid the general contractor and they refused to pay us. So, we had to operate without money and we paid our payroll first. We [were forced to] let our taxes and our workmen's compensation insurance [become] overdue.

This Caucasian female owner of a professional services firm for 30 years reported that she had asked for a 60-day payment clause in her subcontract with prime contractors to avoid late payments:

We [were subcontractors] on a project and we included a clause in our subcontract that required payment in 60 days because we are a small business. Otherwise, payments can drag out five to six months before we receive payment from prime [contractors].

Even though we wrote a 60-day [payment clause in our subcontract] we waited over 60 days before were paid by that [prime contractor]. Unfortunately, there were no penalties written into the contract. Typically, prime contractors do not give us reasons [why they are late]. They will say, 'Oh, yeah we are almost ready to cut the check.' Occasionally they will say, 'We have not been paid yet, so we are not paying you.' We are on the bottom of the totem pole so we are the last to get paid.

This Caucasian female owner of a professional services firm waited up to four months to receive payments from prime contractors:

I have had payments that were received three or four months after the last of the work was completed. I [consider] six weeks as a late payment because I'm on my own. I do not

have another source of income and I rely on those payments. Late payments create a lot of stress in regards to paying bills.

A minority female owner of a services firm explained the effects of late payments on her small business:

Since we do a lot of government contracting, I am always robbing Peter to pay Paul because construction [prime contractors] are notoriously late. I have had to use my line of credit and my personal funds.

A Caucasian female owner of a professional services firm described how the impact of late payments had affected her small business:

Late payments have had a very profound impact on my business. We have to pay our [employees] before we get paid, so we have to front that money. This can make small businesses less competitive.

VII. PUBLIC SECTOR VS. PRIVATE SECTOR

A majority of the interviewees reported why they prefer to work in the public sector. Several business owners explained that the work they received from the public sector had been a major factor in keeping their business solvent.

Public sector work had been the mainstay for this minority male owner for 20 years of a professional services firm:

The public sector work we have worked on in the federal government has been excellent. I have not had any problems with them. My [experience] working in the private sector has been substantially less than the public sector.

A minority male owner of a professional services firm who primarily works in the public sector does not believe his success would be as great in the private sector:

In the private sector I would not have much of a chance [working] in construction. There are no laws or rules to mandate prime contractors to work with minority businesses. But, it's a well-known fact in the construction industry that if you [are not well connected], it will [be difficult to get work].

A minority female owner of a professional services company also reported that most of her work comes from the public sector:

Usually, I pretty much [work] in the public sector. I find trying to obtain work in the private sector much more difficult.

This minority female owner of a services company reported that the public sector had helped sustained her business:

We are tremendously more successful in the public sector than in the commercial sector. It is very hard to get your foot in the door or your face of color in the door in the commercial arena.

A minority male owner of an architectural firm believed that M/WBE participation requirements are the reason why his company receives more work from the public sector:

We receive more work from the public sector. We have tried to get more private work, but we have not been successful. Due to M/WBE participation requirements in the public [sector] we receive more work in that area.

This Caucasian male owner of a services company explained why he prefers the public sector:

I think the people [in the public sector] are nicer. They are not under the gun and there are no deadlines.

A minority male owner of a professional services firm for over several decades described the work he performs in the public sector as rewarding and gratifying:

The public sector is definitely a little bit more democratic. In the private sector, they will pick whomever they want. But, the work that we do in the public sector tends to be more rewarding and gratifying. That is one of the reasons we pursue work in the public sector. It's not as lucrative as the private sector.

However, this minority female owner of a professional services firm believed the public sector is too bureaucratic:

The public sector has much more bureaucracy and paperwork than the public sector.

This minority female owner also believed that the public sector is challenged by too much bureaucracy:

When I worked with the City of Oakland [the project] was very smooth. But, it was the bureaucratic process that was challenging.

A minority female owner of an architectural firm believed the public sector burdens small businesses with too much paperwork. But, she also reported that payments are more reliable from the public sector:

The public sector [requires] a lot more paperwork. In the private sector, you can get a job from a handshake. Payments from the public sector are much more reliable than the private sector, where people tend not to pay.

A minority male owner of a professional services firm explained why he is deterred from working in the public sector:

We have [received] more business in the private sector. The public sector bid packages are overwhelming. This can make or break my business. A lot of small business owners wear several hats as far as responsibilities go. And, to muddle through a [voluminous] public bid package can be problematic.

A Caucasian female owner of a professional services firm explained what she believed are the disadvantages of trying to obtain work from the public sector:

In the public sector there seems to be a lot more paperwork and is harder to obtain work because of competition with large companies. Also, the public sector has a lot more red tape [that can prevent small businesses] from getting a foot in the door.

A minority female owner of a professional services firm reported that she solicits work equally from the private and public sectors:

I put the same amount of energy to obtain business in the public sector as I do in the private sector. Both sectors are governed by relationships. People tend to work with people they know and like. So, you have to put the same amount of energy in order to get work from the public sector or private sector. Just because the public sector releases RFP's does not necessarily mean the contract will be awarded to the low bidder. A lot of [decisions] are qualifications-based.

This minority female owner of a professional services firm for 25 years described what she believed are the differences between the public and private sectors:

The public sector is notoriously slow in paying their prime contractors. The private sector is a lot more organized and they seem to [prefer] more immediate results than government agencies.

A Caucasian male owner of an engineering firm for 60 years described the public sector as cumbersome and bureaucratic:

The public sector tends to be more cumbersome and they have definite limits on their flexibility. When a particular job situation changes, they are less able to adopt or deal with changes because of budgetary constraints and bureaucratic limitations. The private industry has much more flexibility.

VIII. COMMENTS ABOUT THE CITY'S L/SLBE PROGRAM

The City of Oakland and the Redevelopment Agency Local and Small, Local Business Enterprise (L/SLBE) policy established goals for participation of certified Local Business Enterprises (LBEs) and (SLBEs) in City contracts. Construction goals for contracts valued more than \$100,000 and professional services contracts valued less than \$50,000 is 20 percent. The 20 percent goal must be met with a minimum of 10 percent for LBEs or Local Not For Profit Business Enterprises and 10 percent SLBEs or Small Local Not For Profit Business Enterprises.

The City of Oakland certifies for both for-profit and not for profit L/SLBE businesses. Eligibility for-profit and not for profit businesses include having an established operation located in the City of Oakland and fully operational for at least twelve consecutive months prior to applying for certification. A majority of the interviewees believed the City's L/SLBE program is valuable and is needed for small, female and minority businesses.

A minority male owner of a professional services firm believed the City's program is valuable for local residents:

I think the City's L/SLBE program is valuable. I am aware of several projects within the City that require residents of the City of to work on those projects. So, I compliment them for that.

A minority male owner of an engineering firm believed that affirmative action programs are needed because the playing field is not level for minority businesses:

It seems like no matter how good we are, or what level of expertise we have, we are seldom called for work when there are no affirmative action participation [requirements]. Approximately 95 percent of our [work is due to] consciousness of our ethnicity. This is a battle I have fought for over 30 years. I'm sorry to say that in this day and age. We have always wanted to not be listed as a minority firm, just a firm on a fair playing field, but we have never been able to find that level playing field. The City's program is valuable because it opens up the door. The shortcomings of the program is how it is enforced, but without it there would be very little minority business participation. The City of Oakland has been progressive in terms of being inclusive. But, the City could do a lot more. I haven't had a project with the City of Oakland for ten years, and we submit [bids] all the time but we can't get any response.

This minority male owner of an architectural firm strongly believed the City's L/SLBE program is valuable for minority businesses:

I definitely believe the [City's program] is valuable. If it wasn't in place folks like I would not get an opportunity to show [public agencies] what we can do and compete with other firms. When we [get an opportunity to work] we always do a good job.

This Caucasian male owner of a professional services company also believed the City's program is valuable:

I think the [City's program] is valuable because everybody has a contribution to make [to public contracting]. And it gives [minority businesses the opportunity] to work on the playing field on the same level as other business owners. Therefore, I believe it's valuable in that respect.

A minority female owner of a services company believed the City's program is only valuable for businesses that are located in the City of Oakland:

I think it is potentially valuable to firms that are located in the City of Oakland. But, I don't know whether minority firms in the City of Oakland are actually being awarded contracts. It's only valuable if people are getting contracts. It certainly has not been valuable to me because my company is not located in the City of Oakland.

The City's program was described as being valuable by a Caucasian female owner of a construction-related firm:

The City's program is absolutely valuable. It's very valuable because it gives M/WBEs the opportunity to bid projects and be a preferred [vendor].

A Caucasian female owner of a professional services company also believed the City's program is valuable for small and minority-owned businesses:

The City's program is valuable because it gives small, women and minority-owned businesses an opportunity that they would not otherwise have. It empowers the small, minority-owned, and woman-owned businesses.

This minority female owner of a professional services firm for 25 years believed that her company would not have been successful if the City's program did not exist:

The City's L/SLBE program is very valuable. We have been involved in many contracts simply because we are woman-owned. And because that program exists, we are called upon for work [and without] it we would have not been [contacted].

A minority male owner of a professional services firm stated the following concerning the City's L/SLBE program:

It's valuable if it's enforced. If it's not enforced then it's not valuable.

A Caucasian female owner of a professional services company credited the City's program with helping to make her firm a success:

The City's M/WBE program has helped me get business. I think small businesses need that edge.

A minority male owner of a professional services firm for 26 years believed the City's L/SLBE program is needed to level the playing field for minority business owners:

The City's program is valuable because it is an advocate for those who have traditionally not been able to secure public contracts. And at least historically, the field was tilted away from them. I think the program as it exists today helps to level the playing field a little bit more. Hopefully, someday . . . the advocacy needed to promote minority programs won't be needed, but they are still needed today.

This minority male owner of a construction-related company believed the City's program is a valuable service to the City of Oakland:

The L/SLBE program provides a good service to the City of Oakland. It is needed because it's a one-stop place for small and minority contractors. The City of Oakland's [program] is a valuable need and I think it should always be there.

This Caucasian female owner of an architectural firm explained why she believed the City's program is beneficial for female and minority-owned businesses:

I believe the City's program allows minorities and females that are new in the industry an equal footing.

A minority male owner of a construction-related company believed the City had a real commitment to increasing opportunities for minority and woman-owned businesses:

I think City managers really make an effort to contact small local businesses. And they are sincere in trying to open up bidding opportunities for City of Oakland contractors.

A minority male owner of a professional services firm believed that minority business owners received more opportunities when affirmative action programs included requirements to utilize minority businesses:

When affirmative action programs had participation requirements, there was more of a commitment to giving minority businesses public contract work. I [have been contacted by prime contractors] when there were goals. I have not been contacted by a contractor when there were no minority business goals.

However, this same business owner explained why he now believed the City's program is not valuable:

There are no opportunities [for minority businesses] to meet [procurement managers]. For example, with the City of Aurora I was given the opportunity to meet their [procurement] manager. But, with the City of Oakland I had to make cold calls to their managers. Also, I don't think the [City's program] is valuable because there are not clear rules and regulations regarding certification.

A minority male owner of a construction-related company explained why he believed the City's program could be improved:

I think the City's Program would be more valuable if they truly communicate with small and minority businesses to help promote them.

IX. POSITIVE STATEMENTS

Many interviewees reported on positive experiences they encountered with City staff and representatives from other agencies in the market area.

A Caucasian female owner of a professional services firm spoke highly of a City manager who assisted her in becoming certified and getting on the City's vendor list:

I ran into [name withheld] at a meeting and I went to her afterwards and I told her that I was having trouble getting certified as a small business. She was aghast and said, 'Call my office, and I'll have someone take care of that for you.' I went back to my office and called. And, within an hour, she

called me back and she told me exactly what to do. I was certified within a week. That was a very positive experience. She also had someone call me back and [inform] me on whom to call to get on the vendor's list.

This same business owner reported on a positive relationship she developed with City staff:

I have had very positive experiences with the people at the City of Oakland. I worked pretty closely with the Finance Department . . . and they were very responsive. They helped us get through all the red tape, so that experience was very positive.

A minority male owner of a professional services company for 26 years reported on his relationship with a City agency that has had a positive impact on his firm:

Working with the African American Museum and Library of Oakland has been very rewarding and positive for my company. The current director is [name withheld], who is a male Afro-American. They definitely encouraged me to bid on the contract and they made sure that I was fully apprised of all the demands that the contract required.

A minority male owner of a construction-related company praised both the City and County:

[Name withheld] at the City of Oakland and [name withheld] at the County of Alameda have given [my company] a fair shake. As a matter of fact, I would give them both praises.

A minority male owner of an engineering firm for 17 years spoke highly of the City's efforts in creating more opportunities for minority businesses:

I feel that some of the leaders at the City of Oakland have been pushing for more opportunities for minorities. I think that they have tried really hard to recognize the disparities with minority [businesses]:

This minority male owner of a services firm also spoke highly of one City manager:

A gentleman who works with special events for the City was very helpful in telling me what he wanted [for a project we worked on].

A minority female owner of a professional services firm spoke positively of a program sponsored by the County's Department of Public Works:

The Public Works Agency was really helpful. Their Business Outreach Bureau was particularly helpful because they explained the procurement process in manageable segments and they also sponsor workshops to assist business owners in completing their paperwork or certification documentation.

A Caucasian male owner of a professional services company received assistance from a City employee in his effort to secure a City contract:

There was a lady at the City of Oakland who was sincere in trying to help us get work with the City.

A minority male owner of a professional services company reported that a City employee referred her to procurement managers in an effort to get work:

A woman at the Port Authority gave me the names of a couple managers and she coached me on their [procurement needs].

A minority male owner of a professional services firm reported that several City managers supported his company while working on City projects:

A manager on a school project stood up for us against the [prime] contractor. Also, other managers with the City of Oakland were very helpful. They went a little beyond what they were required to do.

A Caucasian female owner of a professional services company for 25 years reported on a manager that assisted her company in receiving work with the City:

The manager in the Office of Equal Opportunity and Access has helped us get jobs. She is extremely helpful.

A Caucasian female owner of a construction-related company explained that the employees at the Port of Oakland assisted her small business:

The Port of Oakland was always very helpful to us. They let us look at the plans and specifications so that we could determine if we were capable of doing the work. We are

also in a mentoring program that forces people to be a little more helpful.

A minority male owner of a construction-related company spoke highly of several local municipalities:

We had a contract with Santa Clara County Parks and Recreation and their manager was very helpful to us. We also received assistance from managers at the San Francisco Redevelopment Agency around issues of payment.

A minority female owner of a professional services company reported that a City manager provided assistance to her company that was beyond the type of assistance she is accustomed to receiving:

A manager at the City of Oakland's Small Business Administration was extremely helpful. She gave me the details of what was necessary to become certified as well as the required forms. I could have easily downloaded the forms, but she was very aggressive in making sure I got my hands on the right documents. No one has ever gone out of their way like that for my company, or shown that type of interest. Also, the Small Business Administration's website is good in terms of [answering] general questions regarding starting a business.

A female owner of a professional services company also spoke highly about the services offered at the Small Business Administration:

The Small Business Administration has been very helpful through their Small Business Development Center. They offer classes on different subject matters for small business owners.

X. RECOMMENDATIONS

The interviewees suggested ways for increasing the participation of minority and woman-owned businesses on City and other market area agencies contracts. They ranged from a stronger commitment from City decision-makers, the establishment of participation goals for minority and woman-owned businesses, the elimination of liability and worker's compensation insurance for small business owners to more monitoring to ensure that the compliance points are applied by general contractors.

A Caucasian female owner of a construction-related company suggested that the City waive liability and worker's compensation insurance for small business owners:

The cost of doing business for a small business is higher than bigger businesses. Since the City of Oakland and the County of Alameda want minority businesses to grow, I would like to see them [waive] liability and workmen's compensation insurance for small businesses. This would give everybody an equal opportunity to make a profit. The way it is now, it will take twice as long for minority businesses to grow, if they ever get over the hump.

This same business owner suggested stricter monitoring on City prime contractors:

Also, there needs to be more monitoring to ensure that the compliance points are actually applied by general contractors. And, I would also like for a policy to be implemented that when a minority contractor is awarded a contract they must perform the entire scope [that was subcontracted]. We have worked on projects where we were only allowed to a little bit of [the scope of work]. I have worked on a \$300,000 contract and my scope was reduced to \$85,000 and this needs to be stopped.

A minority female owner of a professional services firm recommends the establishment of a small business council to assist the City in identifying opportunities for small business owners:

It would be helpful to have a small business council look into the structure of some of the bids to assist the City and other agencies in putting together bid packages that are not detrimental to small businesses. This would be helpful because these business owners understand the dynamics and challenges of small businesses.

This minority female owner of a professional services firm recommends setting aside contracts for small businesses:

I think there definitely needs to be guaranteed contracts for small businesses. I know this has been [implemented] on the federal level and the City of Oakland [should duplicate their efforts].

A minority male owner of a professional services firm explained what he believed is needed to be successful as a small business owner in the City:

In order to be successful, I need to actually make contact and gain referrals to [procurement managers]. It is a real challenge to be seen as a viable candidate for work. Although there have been occasions where I demonstrated that I'm capable and competent to work with people at all levels. We need to be given a real opportunity to learn what kind of jobs [exist], how to become qualified for those opportunities and a chance to demonstrate our service.

This minority male owner of an architectural firm explained what could be done to help M/WBEs compete for City contracts:

The implementation of M/WBE participation points [in the evaluation process] would make a more level playing field.

A Caucasian female owner of a professional services firm for 30 years recommends the City implement a more efficient method of notifying business owners of upcoming contracting opportunities:

Agencies should take more responsibility for notifying contractors [of upcoming bid opportunities], particularly the City of Oakland. We pay business taxes to the City of Oakland and we don't want to spend a lot of time scrambling around to figure out what are their [upcoming] projects. I don't mind getting on a bid list, but I don't want to go through a huge amount of paperwork to prove that I'm qualified, either. When I [submit] a proposal all of my qualifications are in my proposal. But, I think the City of Oakland could be a little more forthcoming with how it operates and what kinds of categories of work they actually need.

This Caucasian female owner of a professional services firm also recommends that the City disseminate its bid notices in a manner that is beneficial for small business owners:

There should be more outreaching from the City of Oakland in reference to bid notices, upcoming contracts and information on how to do business with the City.

A minority female owner of an architectural firm recommends a clearinghouse that would disseminate upcoming contracting opportunities for local agencies:

A clearinghouse that would give notifications for [upcoming] work [from local agencies] would be better than gathering the information from various web sites.

XI. SUMMARY

An overwhelming majority of the interviewees explained why they believe the City's L/SLBE program as well as other market area agencies L/SLBE programs are valuable for small, women, and minority businesses. Many of the interviewees credited L/SLBE programs with maintaining their businesses. When asked whether they had been contacted by a prime contractor to fulfill a L/SLBE goal the overwhelming response was yes. However, when the interviewees were asked whether they were contacted by prime contractors to submit a bid when there was no L/SLBE goal, the overwhelming response was no.

Conversely, problems with the City's bid process were a significant factor in preventing the interviewees from participating in the City's contracting opportunities. Many stated that bid opportunities are difficult to identify and they typically do not have the time to seek them out. Placement on bidders lists were also reported as a barrier for small business owners. Several interviewees described their attempts to get on the City's bidder list to no avail. Inadequate lead time to respond to the City's and prime contractors' bid requests was reported as another significant barrier. The interviewees explained that the impact of inadequate lead time frequently resulted in lost business opportunities.

The interviewees reported that they were unable to compete for public contract work because they were denied financial assistance from local financing institutions. Additionally, many interviewees expressed other concerns about being barred from City contracting. They complained that the City preferred to work with the same contractors who also belonged to the good old boys network. The business owners lamented that this practice made it impossible to compete.

Racial barriers were also reported by the interviewees. It was reported that some prime contractors preferred not to work with minority subcontractors. Also, many of the women interviewees believed there are still obstacles that women business owners have to overcome, while their male counterparts are exempt. The female interviewees reported on instances where they were not taken seriously as business owners or spoken to in an inappropriate and unprofessional manner.

The majority of the recommendations centered on strategies to increase the participation of minority and woman-owned businesses on City contracts. They ranged from setting aside contracts for minority and women business owners to the use of L/SLBE subcontracting participation points.

Finally, many City managers were given accolades by the business owners for their hard work and dedication in supporting and sustaining small, minority and women businesses. The effort of staff to ensure that fair and even handed implementation of the City's procurement policy was also lauded by the interviewees. Table 10.01 lists a summary of identified barriers through the anecdotal interviews.

Table 10.01 Summary of Findings Concerning Current Barriers Against Ethnic/Gender Groups

Type of Evidence	African Americans	Hispanic Americans	Asian Americans	Caucasian Females
BUSINESS BARRIERS				
Barriers Based on Race	✓	✓		
Barriers Based on Gender	✓			✓
BARRIERS CREATED BY THE CONTRACTOR COMMUNITY				
Difficulty Breaking into Contracting Network	✓			✓
Good Old Boys Network	✓			✓
DIFFICULTIES IN BID PROCESS				
Difficulty Obtaining Bid Information	✓		✓	✓
Inadequate Lead Time	✓		✓	✓
Supplier Problems	✓			✓

Table 10.01 Summary of Findings Concerning Current Barriers Against Ethnic/Gender Groups

Type of Evidence	African Americans	Hispanic Americans	Asian Americans	Caucasian Females
FINANCIAL BARRIERS				
Difficulty Obtaining Financing or Credit	✓			✓
Late Payment by the City	✓		✓	
Late Payment by Prime Contractors	✓			✓
CERTIFICATION ISSUES				
Paperwork Issues or Problems With Certification Procedures	✓		✓	✓