



**City of Oakland**

# Disparity Study Findings

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February 10, 2026



# Study Purpose

## Determine if:

Government adopted procurement and equity policies

Departments adhered to the policies

MWBEs are underutilized

Any underutilization is due to discrimination



# Study Parameters

## Study Period

July 1, 2016, to June 30, 2021

Ethnic and gender groups: African Americans, Asian Americans, Hispanic Americans, Native Americans, Caucasian Females, Minority Females, Non-minority Males

Industries studied:

- Construction
- Architectural and Engineering
- Professional Services
- Goods and Services

## Statistical Analysis

### Utilization Analysis

Formal and informal prime contracts and subcontracts

### Availability Analysis

M/WBE and non-minority contractors domiciled in the City willing and able to perform City contracts

### Disparity Analysis

Actual dollars spent (utilization) divided by expected contract dollars (availability) should be at parity

### Anecdotal Analysis

Perceptions of willing and able businesses doing business with the City

# Legally Sound Statistical Outcomes

## Option I.

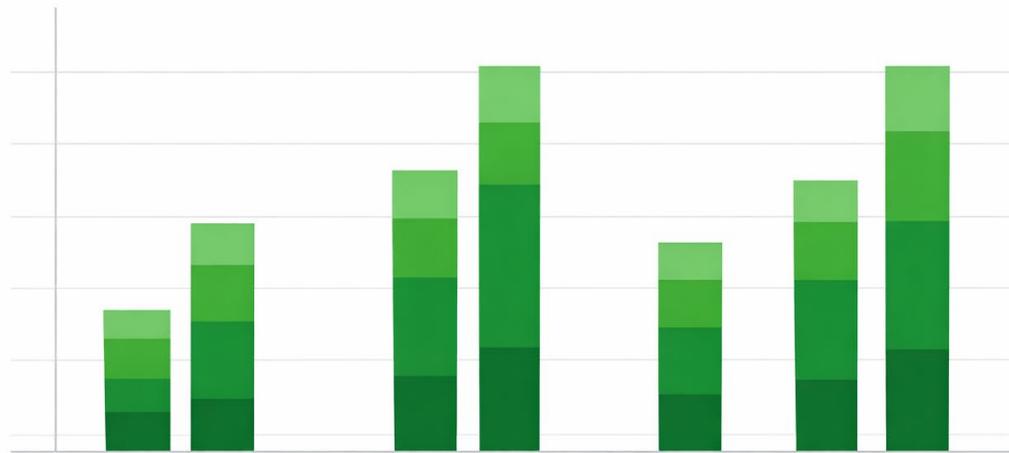
Parity: Percent \$ spent with MWBEs =  
MWBEs availability

## Option II.

Disparity: Percent \$ MWBEs received is  
less than the MWBEs availability

## Option III.

Discrimination: Disparity is not due  
to chance



# Key Statistical Findings

# Contract Dollars Awarded

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Over \$486M prime contract dollars awarded

- Policy analysis:
  - Equity policies and procurement standards were in place
- Statistical data:
  - Department procurement practices deviated from the policy
  - Deviations produced statistically significant underutilization of M/WBEs
- Administrative practices linked to discriminatory outcomes
- Disparity systemic not simply market-driven

# Size of the Contracts Awarded

70.94% of the City's prime contracts awarded under \$100,000

Size of Contract	Non-minority				Minority				Total Number	
	Females		Males		Females		Males			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under \$5,000	54	2.39%	303	13.38%	16	0.71%	22	0.97%	395	17.45%
\$5,000 - \$24,999	59	2.61%	426	18.82%	33	1.46%	56	2.47%	574	25.35%
\$25,000 - \$49,999	39	1.72%	272	12.01%	14	0.62%	32	1.41%	357	15.77%
\$50,000 - \$99,999	23	1.02%	207	9.14%	17	0.75%	33	1.46%	280	12.37%
\$100,000 - \$249,999	27	1.19%	242	10.69%	16	0.71%	37	1.63%	322	14.22%
\$250,000 - \$499,999	13	0.57%	104	4.59%	7	0.31%	23	1.02%	147	6.49%
\$500,000 - \$999,999	0	0.00%	75	3.31%	5	0.22%	8	0.35%	88	3.89%
\$1,000,000 - \$2,999,999	3	0.13%	65	2.87%	1	0.04%	13	0.57%	82	3.62%
\$3,000,000 and greater	0	0.00%	18	0.80%	0	0.00%	1	0.04%	19	0.84%
Total	218	9.63%	1,712	75.62%	109	4.81%	225	9.94%	2,264	100.00%

70.94%

# Most Prime Contract Dollars Awarded to Few Contractors

59 businesses awarded 50% of the dollars in each industry

Industry	Highly Used Businesses	Total Dollars	Percent of Dollars
Construction	4	\$107,997,979	50%
Architectural and Engineering	7	\$14,306,457	50%
Professional Services	14	\$39,450,573	50%
Goods and Services	34	\$82,319,613	50%

# Discretionary Procurement Circumvented Competition

Emergency contracts, on-call contracts, and cooperative agreements = Preferential Treatment

Industry	Preferential Treatment Contracts			
	Number of Vendors	Number of Contracts	Amount of Dollars	Percent of All Dollars
Construction	31	66	\$45,558,862	21.23%
Architectural and Engineering	47	71	\$13,169,485	46.07%
Professional Services	66	115	\$34,264,922	43.44%
Goods and Services	293	648	\$102,938,641	62.54%
Total		900	\$195,931,911	40.26%

Industry	On-Call Contracts				Emergency Contracts				COOP Contracts			
	Number of Vendors	Number of Contracts	Amount of Dollars	Percent of All Dollars	Number of Vendors	Number of Contracts	Amount of Dollars	Percent of All Dollars	Number of Vendors	Number of Contracts	Amount of Dollars	Percent of All Dollars
Construction	20	36	\$39,371,947	18.34%	12	21	\$10,690,858	4.98%	9	28	\$5,940,329	2.77%
Architectural and Engineering	44	67	\$12,970,803	45.37%	2	2	\$2,743,437	9.60%	3	4	\$198,682	0.70%
Professional Services	43	68	\$22,204,891	28.15%	11	16	\$11,404,620	14.46%	25	45	\$12,738,972	16.15%
Goods and Services	6	9	\$1,411,506	0.86%	58	86	\$21,145,675	12.85%	270	609	\$97,625,305	59.31%
Total		180	\$75,959,148	15.61%		125	\$45,984,590	9.45%		686	\$116,503,288	23.94%

# Disparity Highest Where Oversight is Weakest

## Low-Dollar Contracts with High Discriminatory Impact

- Informal no bid prime contracts valued at \$50,000 and under are **58.88% of all awarded contracts and 4.56% of the dollars**
- Informal construction contracts are 3.68 percent of all awarded informal contracts and 4.3% of the dollars
- Goods and Services are 74.72 percent of all awarded informal contracts and 63.95 percent of the dollars

**Total dollars MWBEs lost on informal no bid contracts is \$3,003,079 (13.54%)**

# Informal Contracts Produced the Highest Disparity Rates

## Low-Dollar Contracts and High Discriminatory Impact

Disparity Documented for Informal Goods and Service Contracts Valued at \$50,000 and under

African American  
businesses:  
**13.31% availability**  
**1.35% utilization** –  
statistically  
significant  
underutilization

Asian American  
businesses:  
**6.91% availability**  
**5.23% utilization** –  
statistically  
significant  
underutilization

Hispanic American  
businesses:  
**4.74% availability**  
**3.11% utilization** –  
statistically  
significant  
underutilization

Women-owned  
businesses:  
**15.22% availability**  
**10.23% utilization** –  
statistically  
significant  
underutilization

Non-minority male  
businesses:  
**67.97% availability**  
**82.36% utilization** –  
statistically  
significant  
overutilization

**Largest disparity where oversight was weakest**

# Informal Contracts Produced the Highest Disparities

## Low-Dollar Contracts and High Discriminatory Impact

Disparity Documented for Informal Construction Contracts Valued at \$50,000 and under

African American businesses :

**19.11% availability**  
**2.45% utilization** —  
statistically significant  
underutilization

Women-owned businesses :

**10.89% availability**  
**1.90% utilization** —  
statistically significant  
underutilization

Non-minority male businesses :

**58.75% availability**  
**74.13% utilization** —  
statistically significant  
overutilization

**Largest disparity where oversight was weakest**

# Informal Prime Contract Under \$50,000 - Dollars Lost

## Construction

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$23,326	\$182,208	-\$158,882
Native Americans	\$0	\$1,703	-\$1,703
Caucasian Females	\$18,094	\$54,492	-\$36,398
<b>TOTAL</b>	<b>\$41,420</b>	<b>\$238,403</b>	<b>-\$196,983</b>

## Architectural and Engineering

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$31,000	\$93,854	-\$62,854
Non-minority Males	\$534,701	\$609,009	-\$74,308
<b>TOTAL</b>	<b>\$565,701</b>	<b>\$702,864</b>	<b>-\$137,162</b>

## Professional Services

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$518,722	\$754,357	-\$235,635
Asian Americans	\$336,642	\$507,027	-\$170,385
Hispanic Americans	\$222,885	\$234,964	-\$12,079
Native Americans	\$0	\$12,367	-\$12,367
Non-minority Males	\$3,778,345	\$3,813,009	-\$34,664
<b>TOTAL</b>	<b>\$4,856,594</b>	<b>\$5,321,723</b>	<b>-\$465,130</b>

## Good and Services

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$191,836	\$1,887,461	-\$1,695,625
Asian Americans	\$740,919	\$979,120	-\$238,201
Hispanic Americans	\$440,741	\$672,408	-\$231,667
Native Americans	\$47,232	\$58,983	-\$11,751
<b>TOTAL</b>	<b>\$1,373,495</b>	<b>\$3,538,988</b>	<b>-\$2,165,493</b>

# Formal Prime Contracts Disparity Findings – Dollars Lost

## Construction

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$628,658	\$22,173,158	-\$21,544,499
Asian Americans	\$4,511,277	\$8,496,257	-\$3,984,980
Native Americans	\$0	\$207,226	-\$207,226
Caucasian Females	\$83,028	\$6,631,225	-\$6,548,197
<b>TOTAL</b>	<b>\$5,222,963</b>	<b>\$37,507,865</b>	<b>-\$32,284,902</b>

## Architectural and Engineering

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$0	\$1,015,484	-\$1,015,484
Hispanic Americans	\$460,130	\$586,724	-\$126,594
<b>TOTAL</b>	<b>\$460,130</b>	<b>\$1,602,208</b>	<b>-\$1,142,078</b>

## Professional Services

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$3,407,173	\$4,937,258	-\$1,530,086
Asian Americans	\$2,844,687	\$3,318,485	-\$473,798
Hispanic Americans	\$1,161,556	\$1,537,835	-\$376,279
Native Americans	\$0	\$80,939	-\$80,939
<b>TOTAL</b>	<b>\$7,413,416</b>	<b>\$9,874,517</b>	<b>-\$2,461,101</b>

## Goods and Services

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$1,089,921	\$9,739,886	-\$8,649,966
Asian Americans	\$4,737,914	\$5,052,566	-\$314,652
Hispanic Americans	\$2,531,970	\$3,469,834	-\$937,864
Native Americans	\$0	\$304,371	-\$304,371
Caucasian Females	\$3,368,223	\$4,869,943	-\$1,501,720
<b>TOTAL</b>	<b>\$11,728,028</b>	<b>\$23,436,601</b>	<b>-\$11,708,573</b>

# Subcontract Disparity Findings – Dollars Lost

## Construction

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$755,675	\$5,330,005	-\$4,574,330
Caucasian Females	\$3,615,420	\$3,738,673	-\$123,253
Non-minority Males	\$20,289,615	\$21,415,885	-\$1,126,270
<b>TOTAL</b>	<b>\$24,660,710</b>	<b>\$30,484,563</b>	<b>-\$5,823,853</b>

## Architectural and Engineering

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$117,815	\$686,840	-\$569,025
Asian Americans	\$385,319	\$459,910	-\$74,591
Hispanic Americans	\$37,000	\$272,315	-\$235,315
Native Americans	\$0	\$9,077	-\$9,077
Caucasian Females	\$440,579	\$577,913	-\$137,334
<b>TOTAL</b>	<b>\$980,713</b>	<b>\$2,006,056</b>	<b>-\$1,025,343</b>

## Professional Services

Ethnicity	Actual Dollars	Expected Dollars	Dollars Lost
African Americans	\$6,376	\$300,271	-\$293,894
Asian Americans	\$175,620	\$200,642	-\$25,022
Hispanic Americans	\$85,500	\$113,466	-\$27,966
Native Americans	\$0	\$6,919	-\$6,919
<b>TOTAL</b>	<b>\$267,496</b>	<b>\$621,297</b>	<b>-\$353,801</b>

# Total Dollars Lost By Ethnicity and Gender

Ethnicity	Informal Contracts	Formal Contracts	Subcontracts	All Contract Types
	Dollars Lost	Dollars Lost	Dollars Lost	Total Dollars Lost
African Americans	-\$3,105,626	-\$32,740,034	-\$5,437,249	-\$41,282,909
Asian Americans	-\$190,976	-\$4,589,732	\$836,252	-\$3,944,456
Hispanic Americans	-\$353,969	\$16,545,510	\$4,402,179	----
Native Americans	-\$25,821	-\$592,536	\$206,532	-\$411,824
Caucasian Females	\$673,312	-\$6,689,934	-\$2,189	-\$6,018,810

# Availability Not the Problem

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Availability analysis confirmed that:

- M/WBEs had **comparable capacity** to non-M/WBEs
- Median revenue between M/WBEs and non-M/WBEs differed by **less than \$15,000** in each industry

# Federally Assisted Contracts

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# Federally Assisted Caltrans Contracts

## Failure to meet Caltrans DBE goal

- The City was obligated to award DBEs the maximum feasible portion of Caltrans' USDOT-approved 17.06% DBE goal
- Only 2.16% of all dollars awarded on contracts with USDOT financial assistance were awarded to certified DBEs

Certification Category	Number of Contracts	Percent of Contracts	Amount of Dollars	Percent of Dollars
Oakland DBEs	4	6.06%	\$967,489	2.16%
DBEs Outside Oakland	0	0.00%	\$0	0.00%
Non-DBEs	62	93.94%	\$43,911,809	97.84%
<b>TOTAL</b>	<b>66</b>	<b>100.00%</b>	<b>\$44,879,298</b>	<b>100.00%</b>

# Federally Assisted Contracts Subject to Title VI

19.52% of prime contracts had federal assistance and represented 23.02% of prime contract dollars awarded

Contracts	Number of Contracts Awarded	Percent of All Contracts Awarded	Total Dollars Awarded	Percent of Total Dollars Awarded
Federally Assisted Prime Contracts	442	19.52%	\$112,049,675	23.02%
Non-Federally Assisted Prime Contracts	1,822	80.48%	\$374,656,232	76.98%

Disparity in the award of contracts with federal financial assistance

Ethnicity	Total Payments	Percent of Total Payments	Availability	Expected Dollars	Dollars Lost
African Americans	\$1,082,103	0.97%	12.05%	\$13,507,575	-\$12,425,471
Asian Americans	\$4,044,095	3.61%	7.30%	\$8,175,637	-\$4,131,542
Hispanic Americans	\$5,890,663	5.26%	4.62%	\$5,173,954	\$716,709
Native Americans	\$47,232	0.04%	0.21%	\$236,975	-\$189,743
Caucasian Females	\$5,398,201	4.82%	8.64%	\$9,676,479	-\$4,278,278
Non-minority Males	\$95,587,381	85.31%	67.18%	\$75,279,056	\$20,308,325
<b>TOTAL</b>	\$112,049,675	100.00%	100.00%	\$112,049,675	

**No Evidence of Title VI Compliance**



# Local and Small Local Business Enterprise Program

# Local and Small Local Business Enterprise Program Implementation

## L/SLBE Prime Contract Awards

Industry	L/SLBE Certified Firms			
	Number of Contracts	Percent of All Contracts	Amount of Dollars Awarded	Percent of All Dollars
Construction	137	71.73%	\$183,447,504	85.47%
Architectural and Engineering	68	60.71%	\$16,692,444	58.39%
Professional Services	101	22.10%	\$17,615,545	22.33%
Goods and Services	52	3.46%	\$9,500,002	5.77%
Total	358	15.81%	\$227,255,496	46.69%

# Local and Small Local Business Participation by Race and Ethnicity

Ethnicity and Gender	Contracts Awarded to L/SLBE Certified Firms			
	Number Contracts	Percent All Contracts	Amount Dollars	Percent All Dollars
African Americans	22	0.97%	\$3,043,051	0.63%
Asian Americans	33	1.46%	\$6,612,726	1.36%
Hispanic Americans	50	2.21%	\$30,252,691	6.22%
Native Americans	0	0.00%	\$0	0.00%
Caucasian Females	56	2.47%	\$9,509,734	1.95%
Non-minority Males	197	8.70%	\$177,837,293	36.54%
<b>TOTAL</b>	<b>358</b>	<b>15.81%</b>	<b>\$227,255,496</b>	<b>46.69%</b>

# Waiver Provision Undermined L/SLBE Program Integrity

Departments submitted **128 L/SLBE waiver requests** during the study period

## Outcomes:

77.34%	Approved
18.75%	Denied
3.9%	Reduced

## Impact:

- Routine waiver approval neutralized L/SLBE participation goals
- Waiver overuse directly correlated with statistically significant underutilization findings

# Findings

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# Key Program Findings

City adopted procurement and equity policies were designed to ensure fair access

## Departments:

Exercised discretion without guardrails

Approved waivers as a routine practice

Exercised preferential treatment in  
awarding no-bid contracts

Failed to enforce prime contract  
compliance requirements

**City's Policy Sound - Departmental Practices Not**

# Failure to Enforce Subcontractor Payment Provisions

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## Policy Requirement

- Prime contractors were required to:
  - Submit subcontractor payment reports with each invoice
  - Pay subcontractors within **20 business days**
- Departments were responsible for verifying compliance

## Documented Outcomes

- Subcontractors reported:
  - Missing or nonexistent payment reports
  - Payments delayed up to 12 months
- Delayed payment is a **material barrier to MWBE participation** and business sustainability

**Policy Existed, Enforcement Did Not**

# Procurement Policy Framework vs. Implementation

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- Oakland Municipal Code Chapter 2.04 authorized:
  - Competitive procurement as the default method
  - Contract approval thresholds for Council and City Administrator
  - Application of L/SLBE participation goals for all contracts
- Departments required to adopt Standard Operating Procedures
  - Only **two departments** provided SOPs for review during the study period
- Departments operated with personal “checkbooks”
- Lack of written guidance or executive oversight created inconsistent application of equity and procurement requirements across departments

**Controls Existed, but Compliance Did Not**

# Non-Compliance Produced Discrimination

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MARKET FORCES DID NOT EXPLAIN THE OBSERVED OUTCOMES

ADMINISTRATIVE DECISION-MAKING DID...

# Economic Impact of Procurement Practices

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- Two decades, four disparity studies, and African Americans and Woman-owned businesses' disparity persists
- SLBE program, established in 2003 –a quarter of a century ago –is still ineffective
  - Most MWBEs did not receive their fair share of city-funded contracts
- Over 50 percent of the City's prime contract dollars awarded to 27 businesses who controlled most subcontract awards
- Nearly 65 percent of the City's prime contracts were awarded to non- Oakland businesses
- Direct loss of revenue to Oakland businesses and business tax to the City
- Indirect loss of sales and property taxes, increased commercial office vacancies, and empty retail space

**Good Procurement Policy but Poor Enforcement**



# Consultant Recommendations

# Consultant Recommendations

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## Increase Local and Small Local Business Enterprise Program Accountability

- Structure and Enhance the Certification Process
- Include Subcontracting Provisions
- Publish Standard Operating Procedures
- Eliminate L/SLBE Waiver
- Apply the L/SLBE Requirements to Cooperative Agreements and On-Call Contracts

## Assess Penalties for Failure to Achieve L/SLBE Subcontract Goals

- Compliance reviews should occur throughout the term of the contract

## Verify Participation and Require Approval to Substitute Listed L/SLBE Subcontractors

- Listed subcontractor should perform the work unless the City approves a substitution
- Any substitutions should be approved in writing by the project manager and DWES

# Consultant Recommendations

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## Conduct an L/SLBE Program Outreach and Marketing Campaign

- New program goals and objectives should be promoted through extensive outreach and marketing.

## Develop a Contract Opportunities Forecast to Provide Adequate Lead Time When Advertising Solicitations

- Solicitations should be advertised with a minimum of six weeks' notice to allow for competitive response
- Annually publish a 6-12 month contract opportunities forecast

## Establish Dispute Resolution Standards

- A protocol for formal contract dispute resolution should be established
- An ombudsperson with procurement experience should be engaged to facilitate the resolution process

# Consultant Recommendations

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## **Produce Quarterly L/SLBE and M/WBE Utilization Reports**

- An independent monitor should prepare quarterly utilization reports documenting contract awards and L/SLBE/M/WBE prime and subcontractor participation
- The information should be reported by the department
- All waivers granted should be reported

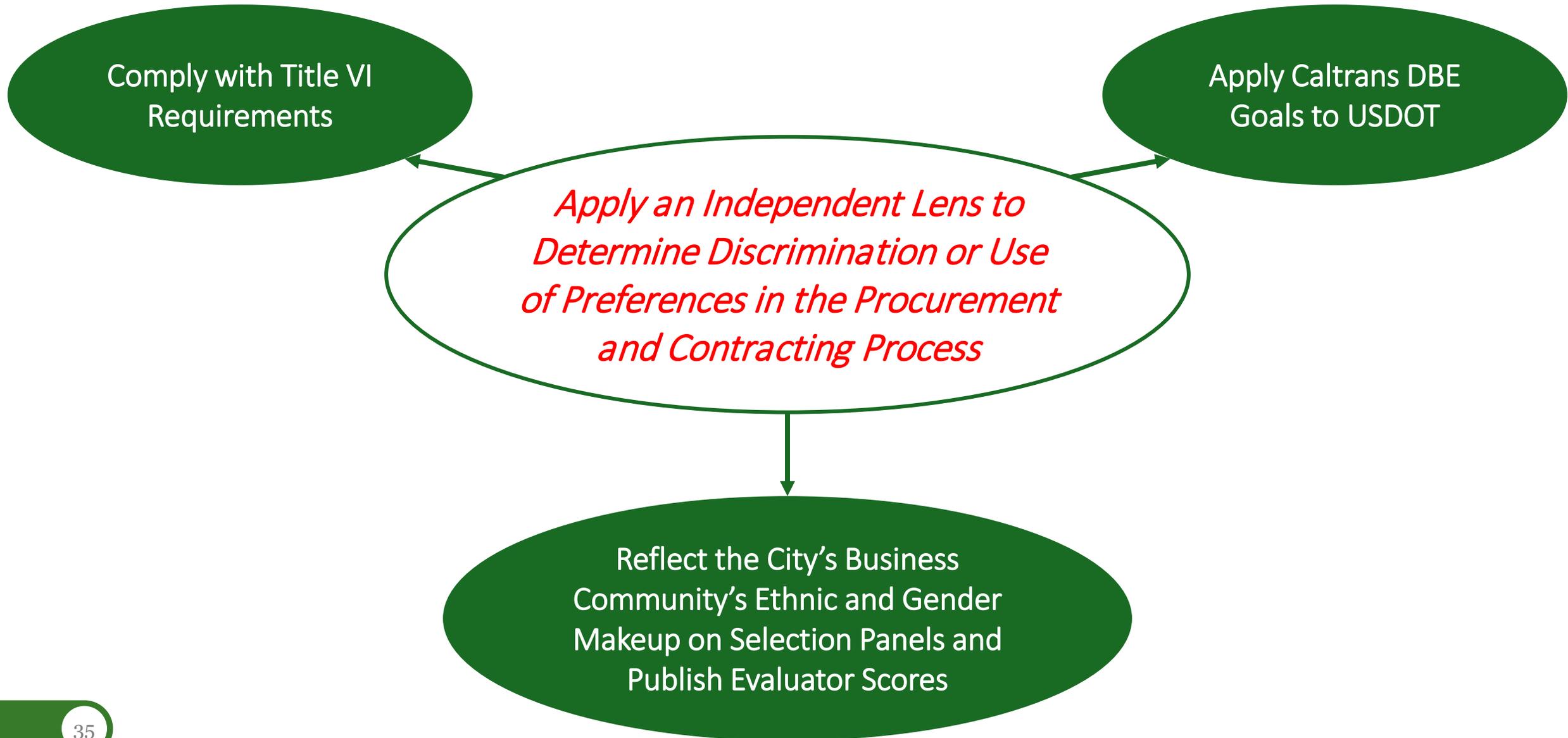
## **Publish Prime Contractor Payments**

- Prime contractor payments should be published on the City's website, and the site should be updated weekly or bi-weekly on the same day and time, allowing prime contractors, subcontractors and suppliers to monitor invoice approvals and payment status

## **Provide Debriefing Sessions for Unsuccessful Bidders and Proposers**

- Proceedings of the evaluation committee should be made available for inspection at the time the intent to award is published

# Specific Race and Gender Remedies Post 209





**City of Oakland**

Thank You