

# **CHAPTER 7.**

## **Utilization and Disparity Analysis for City of Portland Construction-Related Professional Services Contracts**

Chapter 7 presents utilization and disparity results for City construction-related professional services contracts.<sup>1</sup> The term “utilization” refers to the share of contract dollars, expressed as a percentage, going to minority-, women-, and majority-owned firms (i.e., firms not owned by minorities or women) for a given set of contracts (for a more detailed description of the term “utilization,” as used in the study, see Figure 6-1). Chapter 7 is organized in two parts:

- A. Utilization results; and
- B. Disparity analysis.

Part A presents the utilization of MBE/WBEs on City construction-related professional services contracts. Part B compares utilization results with the availability benchmarks introduced in Chapter 5. Those comparisons allow BBC to determine whether utilization of MBE/WBEs on City construction-related professional services contracts was above or below what would be expected given the availability of MBE/WBEs for those contracts. Detailed utilization and disparity results are presented in Appendix M.

### **A. Utilization Results**

The first half of Chapter 7 presents construction-related professional services utilization results for:

1. All contracts by M/W/ESB group;
2. On-call contracts;
3. Standard contracts (i.e., non on-call contracts);
4. Contracts worth less than \$100,000; and
5. Contracts worth \$100,000 or more.

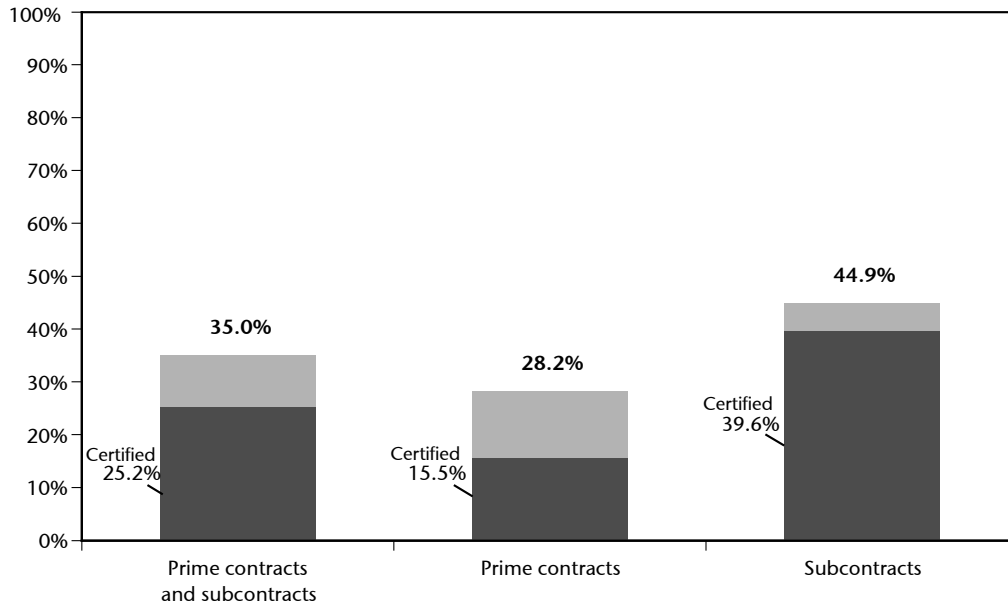
As part of the City’s Fair Contracting and Small Business Support Programs, the City maintains an aspirational goal of 20 percent Emerging Small Business (ESB) participation on professional services contracts and has an active outreach program to encourage participation on contracts from MBEs, WBEs and ESBs.

---

<sup>1</sup> The City’s construction-related professional services contracts are awarded through the Professional, Technical and Expert Services contracting process.

**1. All contracts by M/W/ESB group.** The BBC study team analyzed MBE/WBE utilization of \$9 million of City construction-related professional services contracts from July 2004 through June 2009. Figure 7-1 shows that MBEs and WBEs accounted for 35 percent of total construction-related professional services contract dollars between July 2004 and June 2009. More than two-thirds of the total MBE/WBE utilization came from firms certified as MBE/WBEs by the State of Oregon. MBE/WBE utilization was higher on subcontracts (45%) than on prime contracts (28%).

**Figure 7-1.**  
**MBE/WBE and certified MBE/WBE share of contract dollars for City of Portland construction-related professional services contracts, July 2004–June 2009**



Note: Number of contracts/subcontracts analyzed is 1,091 for prime contracts and subcontracts, 468 for prime contracts, and 623 for subcontracts. For more detail, see Figures M-2, M-3 and M-4 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

Figure 7-2, on the next page, provides additional detail on utilization of MBE/WBEs (top third of the figure), utilization of firms certified as MBE/WBEs (middle third of the figure) and utilization of ESBs (lower third of the figure). Results presented in Figure 7-2 include all contract dollars (prime contracts and first-tier subcontracts) in the leftmost columns, prime contract dollars in the middle columns and subcontract dollars in the rightmost columns.

**Prime contracts and subcontracts.** As shown in Figure 7-2, MBEs (28%) accounted for most of the overall MBE/WBE utilization on City construction-related professional services contracts. WBEs received 6.8 percent of combined prime contract and subcontract dollars.<sup>2</sup>

Much of the WBE utilization was with firms certified as WBEs. Certified MBEs comprised about two-thirds of the utilization of all MBEs.

BBC also examined utilization of ESB-certified firms. As shown in Figure 7-2, certified ESBs accounted for 16.1 percent of City construction-related professional services contract dollars from

<sup>2</sup> As discussed in Chapter 5, “WBEs” refer to white women-owned firms in this report.

July 2004 through June 2009. Majority-owned ESBs received about the same amount of contract dollars (8.1% of the total dollars) as ESBs that were owned by minorities or women (8.0% of the total dollars).

**Prime contracts.** MBEs received almost one-quarter of the prime contract dollars for City construction-related professional services contracts. African American- and Subcontinent Asian American-owned firms accounted for most of MBE utilization. WBEs received about 5 percent of total construction-related professional services contract dollars. Certified MBEs and WBEs accounted for slightly more than half of the prime contract dollars received by MBE/WBEs. Certified ESBs received 4.8 percent of total prime contract dollars. Majority-owned ESBs accounted for \$1.8 million of the \$2.6 million that went to ESBs.

**Figure 7-2.**  
**MBE/WBE and certified M/W/ESB contract dollars for City construction-related professional services contracts, July 2004–June 2009**

	Prime contracts and subcontracts		Prime contracts		Subcontracts	
	\$ in thousands	Percent	\$ in thousands	Percent	\$ in thousands	Percent
<b>Certified and non-certified MBE/WBEs</b>						
MBE						
African American-owned	\$7,464	8.2 %	\$5,907	10.9 %	\$1,555	4.2 %
Asian-Pacific American-owned	2,593	2.8	529	1.0	2,064	5.6
Subcontinent Asian American-owned	9,398	10.3	4,818	8.9	4,580	12.4
Hispanic American-owned	4,232	4.6	1,395	2.6	2,838	7.7
Native American-owned	<u>2,026</u>	<u>2.2</u>	<u>178</u>	<u>0.3</u>	<u>1,849</u>	<u>5.0</u>
<b>Total MBE</b>	<b>\$25,713</b>	<b>28.2 %</b>	<b>\$12,826</b>	<b>23.6 %</b>	<b>\$12,887</b>	<b>34.9 %</b>
WBE (white women-owned)	<u>6,229</u>	<u>6.8</u>	<u>2,532</u>	<u>4.7</u>	<u>3,697</u>	<u>10.0</u>
<b>Total MBE/WBE</b>	<b>\$31,942</b>	<b>35.0 %</b>	<b>\$15,359</b>	<b>28.2 %</b>	<b>\$16,584</b>	<b>44.9 %</b>
Majority-owned	<u>59,361</u>	<u>65.0</u>	<u>39,025</u>	<u>71.7</u>	<u>20,335</u>	<u>55.1</u>
<b>Total</b>	<b>\$91,303</b>	<b>100.0 %</b>	<b>\$54,384</b>	<b>100.0 %</b>	<b>\$36,919</b>	<b>100.0 %</b>
<b>Certified MBE/WBEs</b>						
MBE						
African American-owned	\$1,403	1.5 %	\$41	0.1 %	\$1,362	3.7 %
Asian-Pacific American-owned	1,599	1.8	282	0.5	1,317	3.6
Subcontinent Asian American-owned	9,395	10.3	4,818	8.9	4,577	12.4
Hispanic American-owned	3,929	4.3	1,139	2.1	2,790	7.6
Native American-owned	<u>2,015</u>	<u>2.2</u>	<u>178</u>	<u>0.3</u>	<u>1,837</u>	<u>5.0</u>
<b>Total MBE certified</b>	<b>\$18,341</b>	<b>20.1 %</b>	<b>\$6,458</b>	<b>11.9 %</b>	<b>\$11,883</b>	<b>32.2 %</b>
WBE (white women-owned)	<u>4,673</u>	<u>5.1</u>	<u>1,947</u>	<u>3.6</u>	<u>2,726</u>	<u>7.4</u>
<b>Total MBE/WBE certified</b>	<b>\$23,014</b>	<b>25.2 %</b>	<b>\$8,405</b>	<b>15.5 %</b>	<b>\$14,609</b>	<b>39.6 %</b>
Non-certified	<u>68,289</u>	<u>74.8</u>	<u>45,979</u>	<u>84.5</u>	<u>22,310</u>	<u>60.4</u>
<b>Total</b>	<b>\$91,303</b>	<b>100.0 %</b>	<b>\$54,384</b>	<b>100.0 %</b>	<b>\$36,919</b>	<b>100.0 %</b>
<b>Certified ESBs</b>						
Minority- or Women-owned ESB	\$7,293	8.0 %	\$812	1.5 %	\$6,480	17.6 %
Majority-owned ESB	<u>7,401</u>	<u>8.1</u>	<u>1,793</u>	<u>3.3</u>	<u>5,511</u>	<u>15.2</u>
<b>Total ESB certified</b>	<b>\$14,694</b>	<b>16.1 %</b>	<b>\$2,605</b>	<b>4.8 %</b>	<b>\$11,992</b>	<b>32.7 %</b>
Non-certified	<u>76,609</u>	<u>83.9</u>	<u>51,779</u>	<u>95.2</u>	<u>24,927</u>	<u>67.3</u>
<b>Total</b>	<b>\$91,303</b>	<b>100.0 %</b>	<b>\$54,384</b>	<b>100.0 %</b>	<b>\$36,919</b>	<b>100.0 %</b>

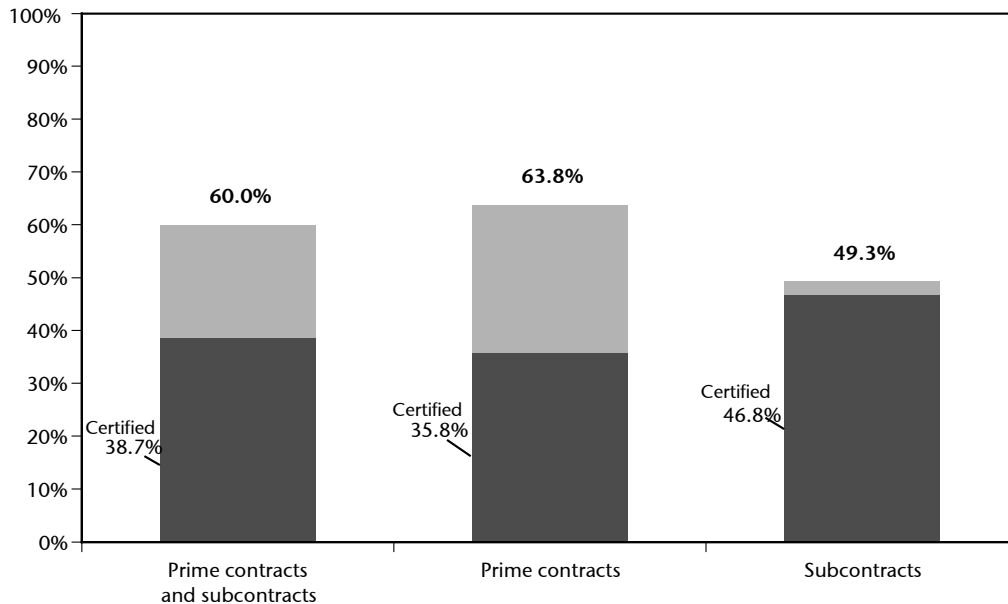
Note: Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.  
Number of contracts/subcontracts analyzed is 1,091 for prime contracts and subcontracts, 486 for prime contracts, and 623 for subcontracts.  
For more detail, see Figures M-2, M-3 and M-4 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**Subcontracts.** Subcontracts comprised somewhat less than half of City construction-related professional services contract dollars. As shown in Figure 7-2, MBEs and WBEs received 45 percent of these dollars. Almost all of the MBE/WBE utilization as subcontractors went to certified firms. ESBs received about one-third of these subcontract dollars (32.7%).

**2. On-call contracts.** BBC examined \$26 million of City on-call contracts during the study period. The utilization results in Figure 7-3 reflect dollars actually going to firms that had on-call contracts, not the maximum value of the on-call contracts.<sup>3</sup> Sixty percent of on-call construction-related professional services contract dollars went to MBE/WBEs, with relatively high utilization as both prime consultants and subconsultants. More than one-half of the MBE/WBE participation in on-call contracts was with MBE- or WBE-certified firms.

**Figure 7-3.**  
**MBE/WBE and certified MBE/WBE share of contract dollars for City on-call construction-related professional services contracts, July 2004–June 2009**



Note: Number of contracts/subcontracts analyzed is 429 for prime contracts and subcontracts, 220 for prime contracts, and 209 for subcontracts. For more detail, see Figures M-5, M-6 and M-7 in Appendix M.

Based on dollars paid to firms, not awarded contract dollars.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**On-call prime contracts and subcontracts.** Figure 7-4, on the following page, provides results for on-call contracts by racial/ethnic/gender group. Subcontinent Asian American- (19%) and African American-owned firms (20%) exhibited higher utilization for on-call construction-related professional services contracts than other MBE/WBE groups and accounted for almost two-thirds of all MBE/WBE utilization. Native American-owned firms showed the lowest utilization (3.2%). White women-owned firms received 8.3 percent of total on-call contract dollars studied.

Certified ESBs accounted for 18.4 percent of total utilization. MBE/WBEs were responsible for more than one-half of total ESB utilization.

<sup>3</sup> As discussed in Chapter 8, only some of on-call contract awards resulted in any work for the firm receiving the contract.

**Prime contracts.** The study team analyzed 220 on-call prime contracts. MBEs accounted for 58 percentage points of the 64 percent MBE/WBE utilization for prime contracts. WBEs accounted for 5.8 percent of total prime contract dollars. Slightly more than one-half of the MBE/WBE prime contract dollars went to certified firms.

Certified ESBs received less than 4 percent of all prime contract dollars for City construction-related professional services on-call contracts.

**Figure 7-4.**  
**MBE/WBE and certified M/W/ESB contract dollars for City on-call construction-related professional services contracts, July 2004–June 2009**

	Prime contracts and subcontracts		Prime contracts		Subcontracts	
	\$ in thousands	Percent	\$ in thousands	Percent	\$ in thousands	Percent
<b>Certified and non-certified MBE/WBEs</b>						
MBE						
African American-owned	\$5,330	20.2 %	\$5,052	26.0 %	\$274	3.9 %
Asian-Pacific American-owned	1,007	3.8	452	2.3	557	8.0
Subcontinent Asian American-owned	5,053	19.2	4,818	24.8	232	3.3
Hispanic American-owned	1,409	5.3	805	4.1	605	8.7
Native American-owned	831	3.2	123	0.6	710	10.2
<b>Total MBE</b>	<b>\$13,630</b>	<b>51.7 %</b>	<b>\$11,251</b>	<b>58.0 %</b>	<b>\$2,379</b>	<b>34.2 %</b>
WBE (white women-owned)	2,184	8.3	1,133	5.8	1,051	15.1
<b>Total MBE/WBE</b>	<b>\$15,814</b>	<b>60.0 %</b>	<b>\$12,385</b>	<b>63.8 %</b>	<b>\$3,429</b>	<b>49.3 %</b>
Majority-owned	10,549	40.0	7,022	36.2	3,526	50.7
<b>Total</b>	<b>\$26,363</b>	<b>100.0 %</b>	<b>\$19,407</b>	<b>100.0 %</b>	<b>\$6,955</b>	<b>100.0 %</b>
<b>Certified MBE/WBEs</b>						
MBE						
African American-owned	\$293	1.1 %	\$20	0.1 %	\$273	3.9 %
Asian-Pacific American-owned	760	2.9	206	1.1	554	8.0
Subcontinent Asian American-owned	5,049	19.2	4,818	24.8	231	3.3
Hispanic American-owned	1,245	4.7	642	3.3	603	8.7
Native American-owned	821	3.1	123	0.6	697	10.0
<b>Total MBE certified</b>	<b>\$8,168</b>	<b>31.0 %</b>	<b>\$5,810</b>	<b>29.9 %</b>	<b>\$2,359</b>	<b>33.9 %</b>
WBE (white women-owned)	2,028	7.7	1,132	5.8	896	12.9
<b>Total MBE/WBE certified</b>	<b>\$10,196</b>	<b>38.7 %</b>	<b>\$6,942</b>	<b>35.8 %</b>	<b>\$3,254</b>	<b>46.8 %</b>
Non-certified	16,167	61.3	12,465	64.2	3,701	53.2
<b>Total</b>	<b>\$26,363</b>	<b>100.0 %</b>	<b>\$19,407</b>	<b>100.0 %</b>	<b>\$6,955</b>	<b>100.0 %</b>
<b>Certified ESBs</b>						
Minority- or Women-owned ESB	\$2,835	10.8 %	\$385	2.0 %	\$2,450	35.2 %
Majority-owned ESB	2,024	7.7	346	1.8	1,678	24.1
<b>Total ESB certified</b>	<b>\$4,859</b>	<b>18.4 %</b>	<b>\$731</b>	<b>3.8 %</b>	<b>\$4,128</b>	<b>59.4 %</b>
Non-certified	21,504	81.6	18,676	96.2	2,827	40.6
<b>Total</b>	<b>\$26,363</b>	<b>100.0 %</b>	<b>\$19,407</b>	<b>100.0 %</b>	<b>\$6,955</b>	<b>100.0 %</b>

Note: Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.  
 Number of contracts/subcontracts analyzed is 429 for prime contracts and subcontracts, 220 for prime contracts, and 209 for subcontracts.  
 For more detail, see Figures M-5, M-6 and M-7 in Appendix M.  
 Based on dollars paid to firms, not awarded contract dollars.

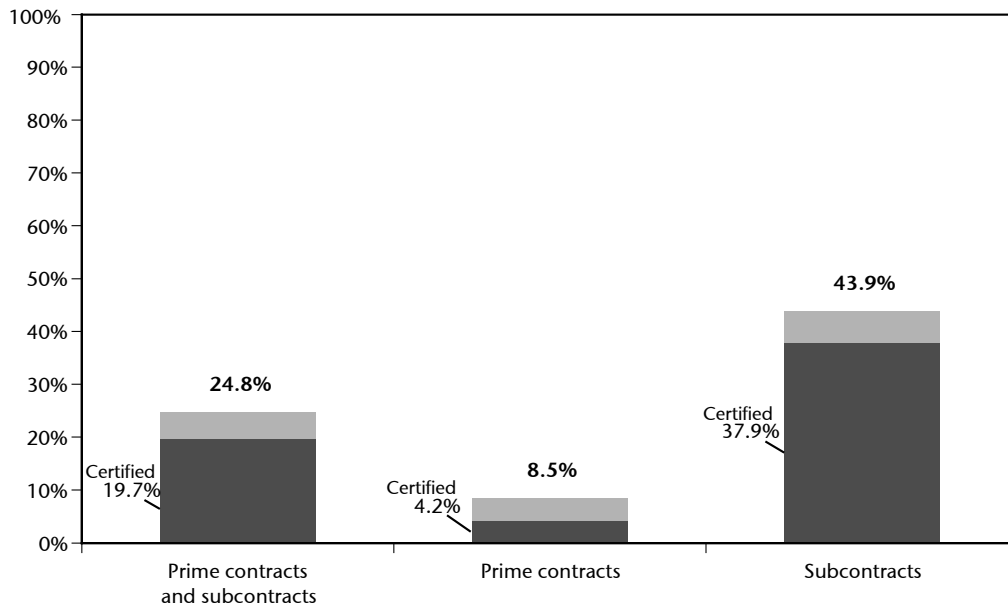
Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**Subcontracts.** Of the \$7 million in subcontracts of on-call contracts, MBE/WBE utilization went to MBEs or WBEs. WBEs accounted for 15.1 percent of subcontract dollars. Native American-owned firms received the highest percentage (10.2%) of subcontract dollars among MBE groups.

Certified MBE/WBEs accounted for nearly all of the MBE/WBE utilization as subconsultants for on-call contracts. Firms certified as ESBs accounted for 59 percent of subconsultant utilization for construction-related professional services contracts. Minority- and women-owned ESBs received more than one-half of all subcontract dollars awarded to certified ESB firms.

**3. Standard contracts (i.e., non on-call contracts).** Nearly three-quarters of the total construction-related professional services contract dollars analyzed during the study period were standard contracts (as opposed to on-call contracts). MBE/WBEs accounted for 25 percent of standard construction-related professional services contract dollars. As shown in Figure 7-5, MBE/WBEs received a higher proportion of subcontract dollars (43.9%) when compared with prime contracts (8.5%).

**Figure 7-5.** MBE/WBE and certified MBE/WBE share of contract dollars for City construction-related professional services contracts, July 2004–June 2009



Note: Number of contracts/subcontracts analyzed is 662 for prime contracts and subcontracts, 248 for prime contracts, and 414 for subcontracts. For more detail, see Figures M-8, M-9 and M-10 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**Prime contracts and subcontracts on standard contracts.** Figure 7-6, on the next page, presents utilization by racial/ethnic/gender group for standard construction-related professional services contracts. WBEs accounted for 6.2 percent and MBEs received 18.6 percent of standard construction-related professional services contract dollars awarded during the study period. Subcontinent Asian-owned firms (6.7%) and Hispanic American-owned firms (4.3%) received the largest portion of the MBE dollars. Certified firms accounted for most of the total MBE/WBE utilization. ESBs received 15.1 percent of all standard construction-related professional services contract dollars.

**Prime contracts.** MBE and WBE firms received 8.5 percent of the prime contract dollars on standard contracts. Firms certified as MBEs or WBEs accounted for about one-half of overall MBE/WBE utilization as prime consultants. ESBs received 5.4 percent of standard construction-related professional services prime contract dollars. Majority-owned ESBs accounted for three-quarters of ESB utilization as prime consultants (\$1.4 million out of \$1.9 million).

**Subcontracts.** MBEs received 35 percent of total subcontract dollars for standard construction-related professional services contracts included in the study. WBEs accounted for 8.8 percent of the total subcontract dollars. Most of the MBE/WBE utilization came from certified firms. ESBs received 26.6 percent of total dollars, with about the same amount of subcontract dollars going to majority-owned ESBs (13.1%) and minority- and women-owned ESBs (13.5%).

**Figure 7-6.**  
**MBE/WBE and certified M/W/ESB contract dollars for City standard construction-related professional services contracts, July 2004–June 2009**

	Prime contracts and subcontracts		Prime contracts		Subcontracts	
	\$ in thousands	Percent	\$ in thousands	Percent	\$ in thousands	Percent
<b>Certified and non-certified MBE/WBEs</b>						
MBE						
African American-owned	\$2,135	3.3 %	\$855	2.4 %	\$1,281	4.3 %
Asian-Pacific American-owned	1,585	2.4	76	0.2	1,509	5.0
Subcontinent Asian American-owned	4,346	6.7	0	0.0	4,346	14.5
Hispanic American-owned	2,823	4.3	589	1.7	2,233	7.5
Native American-owned	<u>1,194</u>	<u>1.8</u>	<u>55</u>	<u>0.2</u>	<u>1,140</u>	<u>3.8</u>
<b>Total MBE</b>	<b>\$12,083</b>	<b>18.6 %</b>	<b>\$1,575</b>	<b>4.5 %</b>	<b>\$10,508</b>	<b>35.1 %</b>
WBE (white women-owned)	<u>4,046</u>	<u>6.2</u>	<u>1,399</u>	<u>4.0</u>	<u>2,646</u>	<u>8.8</u>
<b>Total MBE/WBE</b>	<b>\$16,128</b>	<b>24.8 %</b>	<b>\$2,974</b>	<b>8.5 %</b>	<b>\$13,154</b>	<b>43.9 %</b>
Majority-owned	<u>48,813</u>	<u>75.2</u>	<u>32,003</u>	<u>91.5</u>	<u>16,810</u>	<u>56.1</u>
<b>Total</b>	<b>\$64,941</b>	<b>100.0 %</b>	<b>\$34,977</b>	<b>100.0 %</b>	<b>\$29,964</b>	<b>100.0 %</b>
<b>Certified MBE/WBEs</b>						
MBE						
African American-owned	\$1,110	1.7 %	\$21	0.1 %	\$1,089	3.6 %
Asian-Pacific American-owned	839	1.3	76	0.2	763	2.5
Subcontinent Asian American-owned	4,346	6.7	0	0.0	4,346	14.5
Hispanic American-owned	2,684	4.1	496	1.4	2,188	7.3
Native American-owned	<u>1,194</u>	<u>1.8</u>	<u>55</u>	<u>0.2</u>	<u>1,140</u>	<u>3.8</u>
<b>Total MBE certified</b>	<b>\$10,173</b>	<b>15.7 %</b>	<b>\$648</b>	<b>1.9 %</b>	<b>\$9,525</b>	<b>31.8 %</b>
WBE (white women-owned)	<u>2,645</u>	<u>4.1</u>	<u>815</u>	<u>2.3</u>	<u>1,830</u>	<u>6.1</u>
<b>Total MBE/WBE certified</b>	<b>\$12,818</b>	<b>19.7 %</b>	<b>\$1,463</b>	<b>4.2 %</b>	<b>\$11,355</b>	<b>37.9 %</b>
Non-certified	<u>52,123</u>	<u>80.3</u>	<u>33,514</u>	<u>95.8</u>	<u>18,609</u>	<u>62.1</u>
<b>Total</b>	<b>\$64,941</b>	<b>100.0 %</b>	<b>\$34,977</b>	<b>100.0 %</b>	<b>\$29,964</b>	<b>100.0 %</b>
<b>Certified ESBs</b>						
Minority- or Women-owned ESB	\$4,458	6.9 %	\$427	1.2 %	\$4,031	13.5 %
Majority-owned ESB	<u>5,378</u>	<u>8.3</u>	<u>1,447</u>	<u>4.1</u>	<u>3,930</u>	<u>13.1</u>
<b>Total ESB certified</b>	<b>\$9,835</b>	<b>15.1 %</b>	<b>\$1,874</b>	<b>5.4 %</b>	<b>\$7,961</b>	<b>26.6 %</b>
Non-certified	<u>55,106</u>	<u>84.9</u>	<u>33,103</u>	<u>94.6</u>	<u>22,003</u>	<u>73.4</u>
<b>Total</b>	<b>\$64,941</b>	<b>100.0 %</b>	<b>\$34,977</b>	<b>100.0 %</b>	<b>\$29,964</b>	<b>100.0 %</b>

Note: Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.

Number of contracts/subcontracts analyzed is 662 for prime contracts and subcontracts, 248 for prime contracts, and 414 for subcontracts.

For more detail, see Figures M-8, M-9 and M-10 in Appendix M.

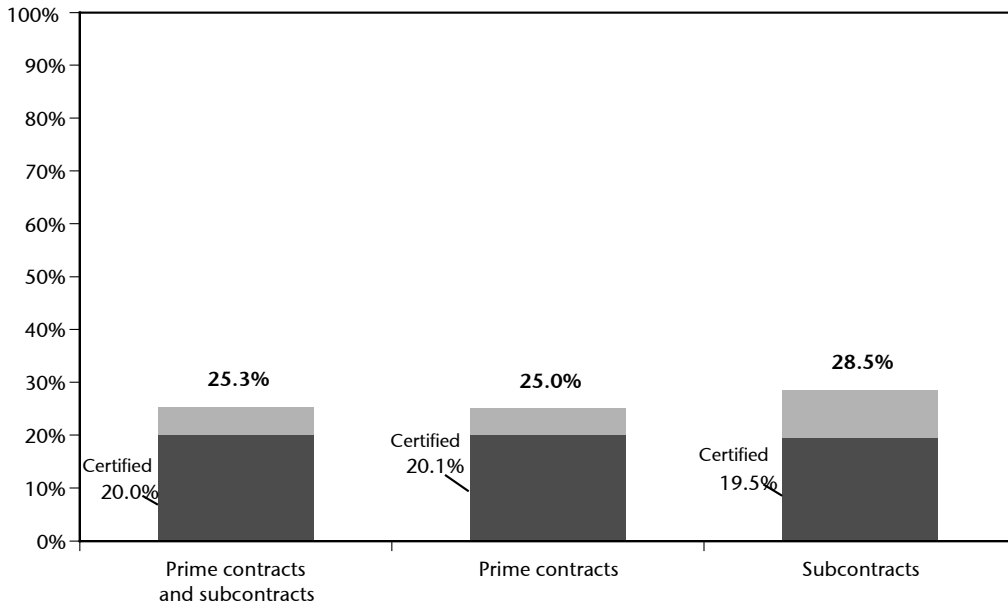
Source: BBC Research & Consulting from data on City of Portland construction -related professional services contracts.



**4. Contracts worth less than \$100,000.** BBC also examined MBE/WBE utilization for construction-related professional services contracts worth less than \$100,000 (i.e., small construction-related professional services contracts). Overall MBE/WBE utilization on these contracts, considering both prime contracts and subcontracts, was 25.3 percent. MBE/WBE utilization was similar for subcontracts when compared with prime contracts.

Figure 7-7 shows MBE/WBE utilization on these contracts along with the proportion of utilization with certified MBE/WBEs.

**Figure 7-7.**  
**MBE/WBE and certified MBE/WBE share of contract dollars for City construction-related professional services contracts worth less than \$100,000, July 2004–June 2009**



Note: Number of contracts/subcontracts analyzed is 428 for prime contracts and subcontracts, 338 for prime contracts, and 90 for subcontracts. For more detail, see Figures M-11, M-12 and M-13 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**Prime contracts and subcontracts on contracts less than \$100,000.** Figure 7-8 shows the detailed utilization of MBE/WBE/ESBs on small construction-related professional services contracts. MBEs (12.9%) and white women-owned firms (12.4%) received about the same proportion of the dollars on small contract dollars. Among MBEs, Asian Pacific American-owned firms (6.3%) received the most contract dollars. Most of the MBE/WBE utilization was with firms certified as MBEs or WBEs by the State of Oregon.

ESBs received 13.8 percent of small construction-related professional services contract dollars. Slightly more than half of the contract dollars that the City awarded to ESBs went to MBE/WBEs.

**Prime contracts.** The study team identified 338 construction-related professional services prime contracts for which the total contract value was less than \$100,000. MBEs accounted for 12.9 percent of total small contract dollars and WBEs accounted for 12.1 percent of these dollars. About \$1.7 million out of the \$2.1 million that went to MBE/WBEs went to certified firms. Hispanic American- and Asian-Pacific American-owned firms received the most prime contract dollars among MBE groups, whereas Subcontinent Asian American owned firms received none of these prime contract dollars.

Majority-owned certified ESBs exhibited slightly lower utilization (5.3%) than the combined utilization of minority- and women-owned ESBs (7.4%).

**Subcontracts.** Subcontracts accounted for less than one-tenth of total dollars of small construction-related professional services contracts (\$0.8 million out of \$9.4 million). The study team examined utilization for 90 subcontracts. MBEs (13.2%) received a similar share of these subcontracts when compared with WBEs (15.4%). Certified firms accounted for more than two-thirds of MBE/WBE utilization on subcontracts associated with small construction-related professional services contracts. ESBs accounted for 24 percent of those subcontract dollars.

**Figure 7-8.**  
**MBE/WBE and certified M/W/ESB contract dollars for City construction-related professional services contracts worth less than \$100,000, by race/ethnicity group, July 2004–June 2009**

	Prime contracts and subcontracts		Prime contracts		Subcontracts	
	\$ in thousands	Percent	\$ in thousands	Percent	\$ in thousands	Percent
<b>Certified and non-certified MBE/WBEs</b>						
MBE						
African American-owned	\$52	0.5 %	\$41	0.5 %	\$11	1.3 %
Asian-Pacific American-owned	595	6.3	529	6.1	67	8.1
Subcontinent Asian American-owned	9	0.1	0	0.0	10	1.2
Hispanic American-owned	432	4.6	419	4.9	11	1.3
Native American-owned	<u>133</u>	<u>1.4</u>	<u>121</u>	<u>1.4</u>	<u>11</u>	<u>1.3</u>
<b>Total MBE</b>	<b>\$1,220</b>	<b>12.9 %</b>	<b>\$1,110</b>	<b>12.9 %</b>	<b>\$110</b>	<b>13.2 %</b>
WBE (white women-owned)	<u>1,167</u>	<u>12.4</u>	<u>1,039</u>	<u>12.1</u>	<u>128</u>	<u>15.4</u>
<b>Total MBE/WBE</b>	<b>\$2,387</b>	<b>25.3 %</b>	<b>\$2,149</b>	<b>25.0 %</b>	<b>\$238</b>	<b>28.5 %</b>
Majority-owned	<u>7,045</u>	<u>74.7</u>	<u>6,448</u>	<u>75.0</u>	<u>597</u>	<u>71.5</u>
<b>Total</b>	<b>\$9,432</b>	<b>100.0 %</b>	<b>\$8,597</b>	<b>100.0 %</b>	<b>\$835</b>	<b>100.0 %</b>
<b>Certified MBE/WBEs</b>						
MBE						
African American-owned	\$51	0.5 %	\$41	0.5 %	\$10	1.2 %
Asian-Pacific American-owned	338	3.6	282	3.3	56	6.7
Subcontinent Asian American-owned	9	0.1	0	0.0	9	1.0
Hispanic American-owned	367	3.9	357	4.2	10	1.0
Native American-owned	<u>121</u>	<u>1.3</u>	<u>121</u>	<u>1.4</u>	<u>0</u>	<u>0.0</u>
<b>Total MBE certified</b>	<b>\$887</b>	<b>9.4 %</b>	<b>\$802</b>	<b>9.3 %</b>	<b>\$85</b>	<b>10.2 %</b>
WBE (white women-owned)	<u>1,001</u>	<u>10.6</u>	<u>924</u>	<u>10.7</u>	<u>77</u>	<u>9.3</u>
<b>Total MBE/WBE certified</b>	<b>\$1,888</b>	<b>20.0 %</b>	<b>\$1,726</b>	<b>20.1 %</b>	<b>\$163</b>	<b>19.5 %</b>
Non-certified	<u>7,544</u>	<u>80.0</u>	<u>6,871</u>	<u>79.9</u>	<u>672</u>	<u>80.5</u>
<b>Total</b>	<b>\$9,432</b>	<b>100.0 %</b>	<b>\$8,597</b>	<b>100.0 %</b>	<b>\$835</b>	<b>100.0 %</b>
<b>Certified ESBs</b>						
Minority- or Women-owned ESB	\$727	7.7 %	\$636	7.4 %	\$91	10.9 %
Majority-owned ESB	<u>570</u>	<u>6.0</u>	<u>457</u>	<u>5.3</u>	<u>112</u>	<u>13.4</u>
<b>Total ESB certified</b>	<b>\$1,297</b>	<b>13.8 %</b>	<b>\$1,093</b>	<b>12.7 %</b>	<b>\$204</b>	<b>24.4 %</b>
Non-certified	<u>8,135</u>	<u>86.2</u>	<u>7,504</u>	<u>87.3</u>	<u>631</u>	<u>75.6</u>
<b>Total</b>	<b>\$9,432</b>	<b>100.0 %</b>	<b>\$8,597</b>	<b>100.0 %</b>	<b>\$835</b>	<b>100.0 %</b>

Note: Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.

Number of contracts/subcontracts analyzed is 428 for prime contracts and subcontracts, 338 for prime contracts, and 90 for subcontracts.

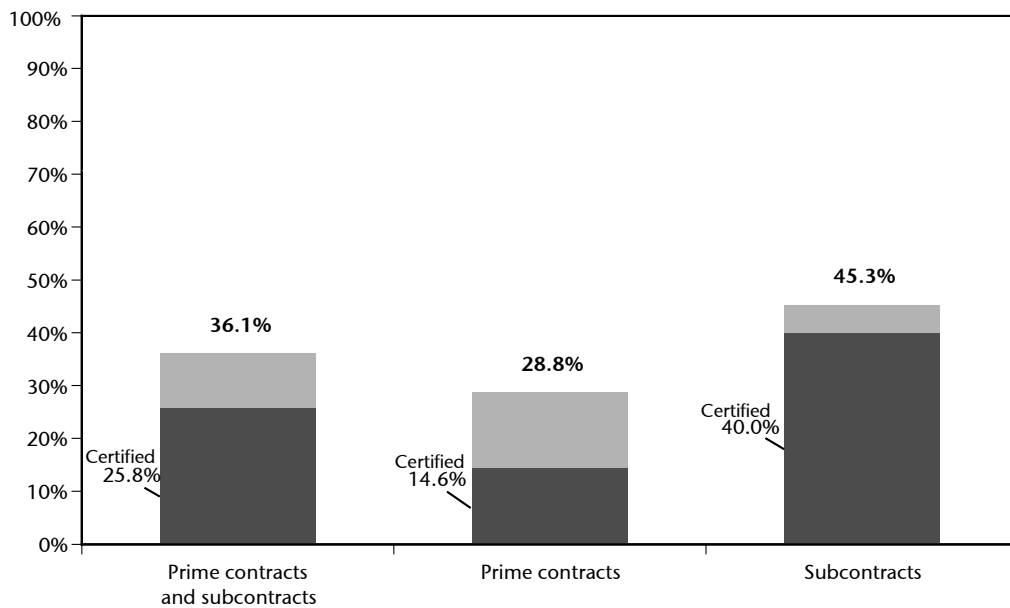
For more detail, see Figures M-11, M-12 and M-13 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**5. Contracts worth \$100,000 or more.** The study team also examined MBE/WBE utilization on construction-related professional services contracts with contract values equal to or greater than \$100,000 (i.e., large construction-related professional services contracts.) These contracts represented roughly 90 percent of the total construction-related professional services dollars analyzed (\$82 million out of \$91 million).

MBE/WBE utilization was higher on large contracts (see Figure 7-9) than on small contracts (see Figure 7-7). Even when only considering prime contract dollars, MBE/WBE utilization was higher on large contracts than on subcontracts.

**Figure 7-9.**  
**MBE/WBE and certified MBE/WBE share of City construction-related professional services contract dollars for contracts worth \$100,000 or more, July 2004–June 2009**



Note: Number of contracts/subcontracts analyzed is 663 for prime contracts and subcontracts, 130 for prime contracts, and 533 for subcontracts. For more detail, see Figures M-14, M-15 and M-16 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

**Prime contracts and subcontracts on large contracts.** Utilization results for individual MBE, WBE and ESB groups are shown in Figure 7-10. Most of the MBE/WBE utilization on large construction-related professional services contracts went to MBEs (utilization of 29.9%). African American- (9.1%) and Subcontinent Asian American-owned firms (11.5%) received the most dollars of any MBE group. WBEs accounted for 6.2 percent of the contract dollars. More than 16 percent of total dollars for these contracts went to ESBs. Majority-owned ESBs accounted for about half of the total ESB contract dollars.

**Prime contracts.** MBEs received 25.6 percent of the total prime contract dollars on large construction-related professional services contracts. Subcontinent Asian American- (10.5%) and African American-owned firms (12.8%) accounted for most of this utilization. WBEs received 3.3 percent of the total prime contract dollars on large professional services contracts. Certified firms accounted for slightly less than half of the MBE utilization and about two-thirds of the WBE utilization. ESBs received 3.3 percent of the total prime contract dollars. Majority-owned ESBs (2.9%) accounted for most of the ESB utilization (\$1.3 million out of \$1.5 million).

**Subcontracts.** MBEs and WBEs received 10 percent of subcontract dollars. Certified firms accounted for most of the total MBE/WBE utilization. ESBs accounted for 33 percent of total subcontracting dollars on these construction-related professional services contracts.

Figure 7-10.

**MBE/WBE and certified M/W/ESB contract dollars for construction-related professional services contracts worth \$100,000 or more, July 2004–June 2009**

	Prime contracts and subcontracts		Prime contracts		Subcontracts	
	\$ in thousands	Percent	\$ in thousands	Percent	\$ in thousands	Percent
<b>Certified and non-certified MBE/WBEs</b>						
MBE						
African American-owned	\$7,410	9.1 %	\$5,866	12.8 %	\$1,544	4.3 %
Asian-Pacific American-owned	2,002	2.4	0	0.0	2,002	5.5
Subcontinent Asian American-owned	9,386	11.5	4,818	10.5	4,568	12.7
Hispanic American-owned	3,802	4.6	976	2.1	2,826	7.8
Native American-owned	1,894	2.3	56	0.1	1,837	5.1
<b>Total MBE</b>	<b>\$24,493</b>	<b>29.9 %</b>	<b>\$11,716</b>	<b>25.6 %</b>	<b>\$12,776</b>	<b>35.4 %</b>
WBE (white women-owned)	5,062	6.2	1,493	3.3	3,569	9.9
<b>Total MBE/WBE</b>	<b>\$29,555</b>	<b>36.1 %</b>	<b>\$13,210</b>	<b>28.8 %</b>	<b>\$16,345</b>	<b>45.3 %</b>
Majority-owned	52,316	63.9	32,577	71.1	19,739	54.7
<b>Total</b>	<b>\$81,871</b>	<b>100.0 %</b>	<b>\$45,787</b>	<b>100.0 %</b>	<b>\$36,084</b>	<b>100.0 %</b>
<b>Certified MBE/WBEs</b>						
MBE						
African American-owned	\$1,352	1.7 %	\$0	0.0 %	\$1,352	3.7 %
Asian-Pacific American-owned	1,261	1.5	0	0.0	1,261	3.5
Subcontinent Asian American-owned	9,386	11.5	4,818	10.5	4,568	12.7
Hispanic American-owned	3,561	4.3	781	1.7	2,780	7.7
Native American-owned	1,894	2.3	56	0.1	1,837	5.1
<b>Total MBE certified</b>	<b>\$17,454</b>	<b>21.3 %</b>	<b>\$5,656</b>	<b>12.4 %</b>	<b>\$11,798</b>	<b>32.7 %</b>
WBE (white women-owned)	3,671	4.5	1,023	2.2	2,648	7.3
<b>Total MBE/WBE certified</b>	<b>\$21,125</b>	<b>25.8 %</b>	<b>\$6,679</b>	<b>14.6 %</b>	<b>\$14,446</b>	<b>40.0 %</b>
Non-certified	60,746	74.2	39,108	85.4	21,638	60.0
<b>Total</b>	<b>\$81,871</b>	<b>100.0 %</b>	<b>\$45,787</b>	<b>100.0 %</b>	<b>\$36,084</b>	<b>100.0 %</b>
<b>Certified ESBs</b>						
Minority- or Women-owned ESB	\$6,565	8.0 %	\$176	0.4 %	\$6,389	17.7 %
Majority-owned ESB	6,832	8.3	1,336	2.9	5,496	15.2
<b>Total ESB certified</b>	<b>\$13,397</b>	<b>16.4 %</b>	<b>\$1,512</b>	<b>3.3 %</b>	<b>\$11,885</b>	<b>32.9 %</b>
Non-certified	68,474	83.6	44,275	96.7	24,199	67.1
<b>Total</b>	<b>\$81,871</b>	<b>100.0 %</b>	<b>\$45,787</b>	<b>100.0 %</b>	<b>\$36,084</b>	<b>100.0 %</b>

Note: Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.  
 Number of contracts/subcontracts analyzed is 663 for prime contracts and subcontracts, 130 for prime contracts, and 533 for subcontracts.  
 For more detail, see Figures M-14, M-15 and M-16 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.

## **B. Disparity Analysis**

To know whether MBE/WBE firms are “underutilized,” one must compare utilization with a benchmark that reflects the dollars those firms would be expected to receive given their availability for a particular set of procurement opportunities. Such a comparison is called a disparity analysis. Disparity analysis helps to identify whether there are disparities between utilization and availability of specific racial/ethnic/gender groups for certain types of contracts and subcontracts.

- BBC compares actual participation of an MBE/WBE group in certain contracts (expressed as a percentage of total dollars) to the percentage of work that might be expected to go to that group given its availability for that specific work (i.e., availability benchmark).
- The disparity analyses presented in this report account for differences in types, sizes, locations and timing of prime contracts and subcontracts (reflected in the availability benchmarks for specific MBE/WBE groups and sets of contracts).
- BBC creates a disparity index to easily communicate how close actual utilization comes to the availability benchmark, or whether it exceeds the benchmark. By examining the disparity index for each MBE/WBE group and set of contracts, one can directly compare results between different groups and different sets of contracts.

A detailed overview of the disparity analysis methodology used by the study team can be found starting on page 11.

The second half of Chapter 7 presents City disparity results in seven parts:

1. Overall construction-related professional services results;
2. On-call contracts;
3. Standard contracts;
4. Contracts worth less than \$100,000;
5. Contracts worth \$100,000 or more;
6. Analysis of statistical significance of disparities; and
7. Summary of City of Portland construction-related professional services disparity results.

**1. Overall construction-related professional services results.** Figure 7-11 on the next page summarizes the results of the disparity analysis for construction-related professional services contracts.

**Prime contracts and subcontracts.** As seen in the top third of Figure 7-11, overall utilization of MBE/WBEs on City construction-related professional services contracts exceeded what might be expected based on their availability for those contracts, with a disparity index greater than 200. Utilization of WBEs was somewhat below what might be expected based on their availability (disparity index of 93). The only group to exhibit a substantial disparity when considering all prime and subcontracts analyzed were Asian-Pacific American-owned firms.

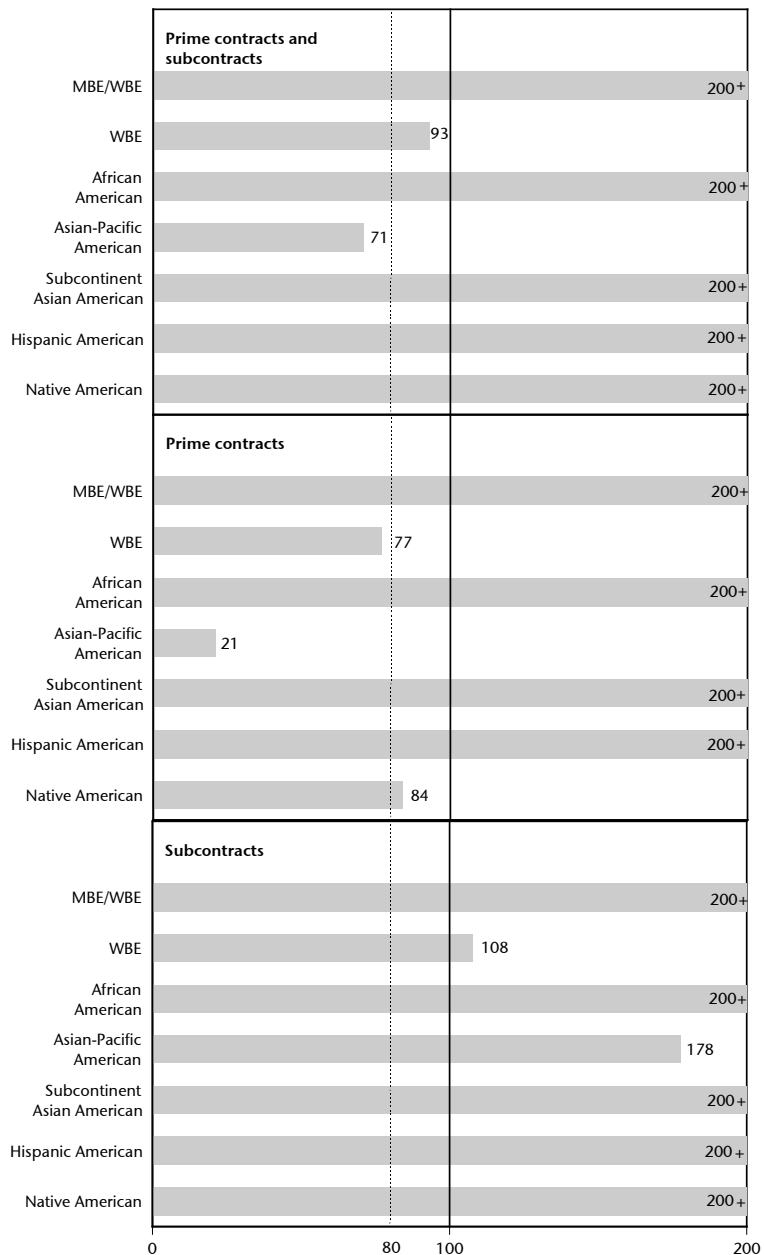
**Prime contracts.** When considered together, MBEs and WBEs showed a disparity index of greater than 200 as prime consultants on City construction-related professional services contracts. However, WBEs received 77 percent of the dollars that they would be expected to receive based on availability (disparity index of 77). Asian-Pacific American-owned firms showed a disparity index of 21. No other individual MBE or WBE groups showed disparity indices of less than 80.

**Subcontracts.** No MBE/WBE group showed a disparity when examining subcontracts on City construction-related professional services contracts.

**Figure 7-11**  
**Disparity indices for City**  
**construction-related**  
**professional services**  
**contracts,**  
**July 2004–June 2009**

Note:  
 Number of contracts/subcontracts analyzed is 1,091 for prime contracts and subcontracts, 468 for prime contracts and 623 for subcontracts.  
 For more detail, see Figures M-2, M-3 and M-4 in Appendix M.

Source:  
 BBC Research & Consulting from data on City of Portland construction-related professional services contracts.





**2. On-call contracts.** Figure 7-12 presents results from the disparity analysis for on-call construction-related professional services contracts.

**Prime contracts and subcontracts.** No MBE/WBE group was substantially underutilized when considering prime contracts and subcontracts together for on-call construction-related professional services contracts.

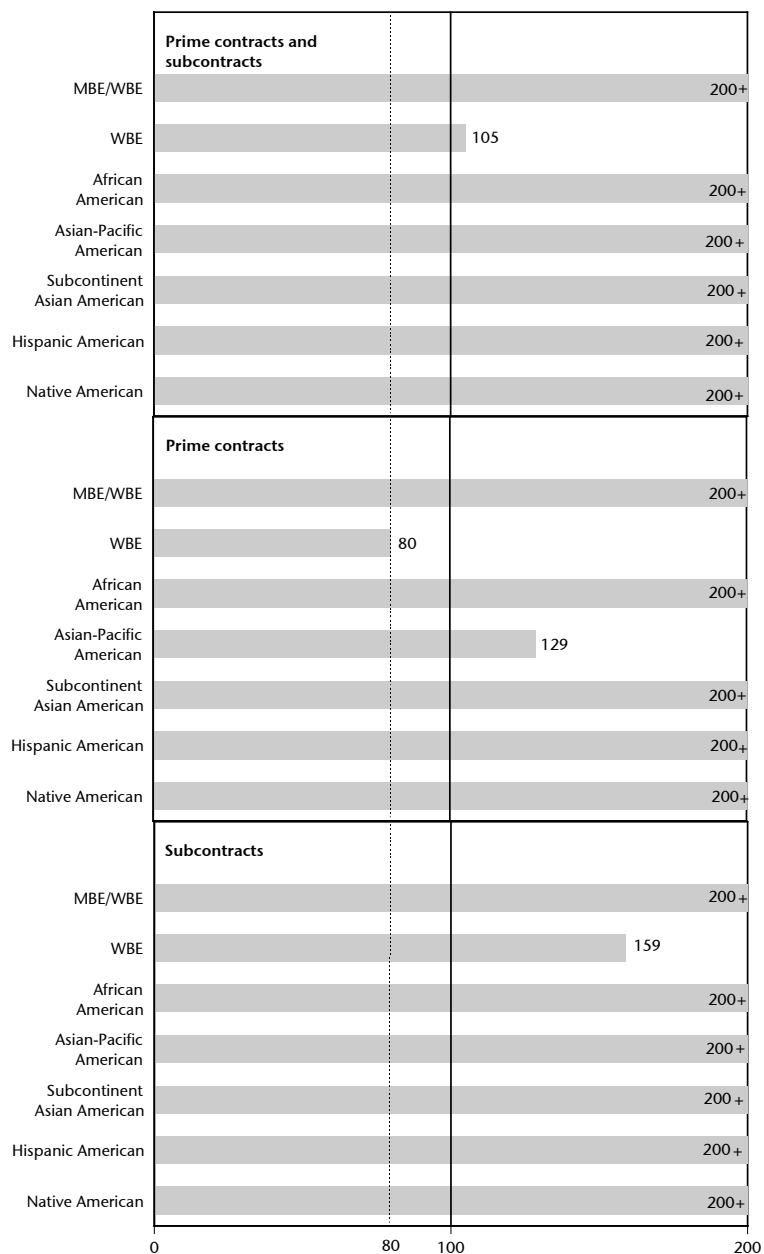
**Prime contracts.** Overall, MBE/WBEs did not show a disparity for on-call construction-related professional services prime contracts. However, WBEs received 80 percent of the total dollars they might be expected to receive based on their availability.

**Subcontracts.** No MBE/WBE groups were underutilized as subconsultants for on-call construction-related professional services contracts.

**Figure 7-12.**  
**Disparity indices for City**  
**on-call construction-**  
**related professional**  
**services contracts,**  
**July 2004–June 2009**

Note:  
 Number of contracts/subcontracts analyzed is 429 for prime contracts and subcontracts, 220 for prime contracts and 209 for subcontracts.  
 For more detail, see Figures M-5, M-6 and M-7 in Appendix M.

Source: BBC Research & Consulting from data on City of Portland construction-related professional services contracts.



**3. Standard contracts.** Figure 7-13 shows disparity results for standard construction-related professional services contracts analyzed in the study.

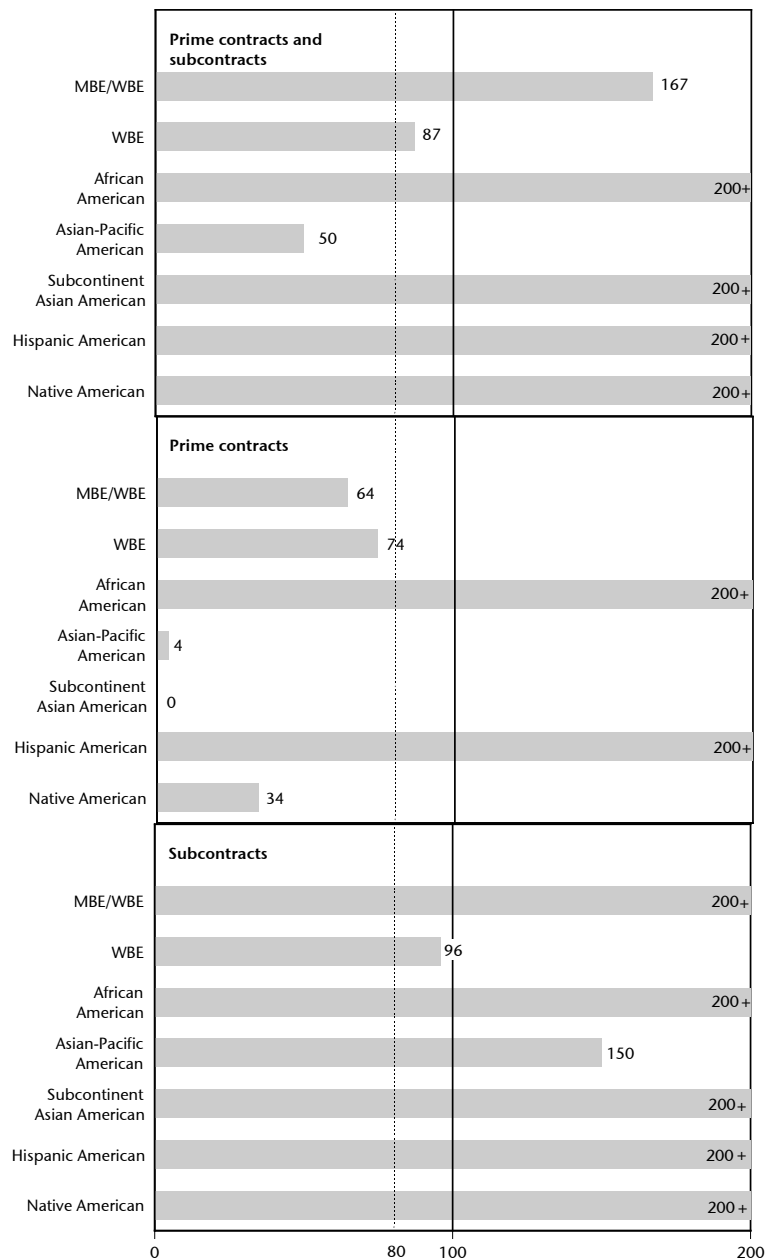
**Prime contracts and subcontracts.** When considering MBEs and WBEs together, there was no disparity for standard construction-related professional services contracts. However, Asian-Pacific American-owned firms were substantially underutilized, with a disparity index of 50. No other MBE/WBE groups showed substantial underutilization.

**Prime contracts.** Considering prime contracts, substantial disparities were found for WBEs (disparity index of 74), Asian-Pacific American-owned firms (index of 4), Subcontinent Asian American-owned businesses (index of 0) and Native American-owned firms (index of 34).

**Figure 7-13.**  
**Disparity indices for City**  
**standard construction-**  
**related professional services**  
**contracts,**  
**July 2004–June 2009**

Note:  
 Number of prime contracts and subcontracts analyzed is 662, the number of prime contracts analyzed is 248 and number of subcontracts analyzed is 414.  
 For more detail, see Figures M-8, M-9 and M-10 in Appendix M.

Source:  
 BBC Research & Consulting from data on City of Portland construction-related professional services contracts.



**Subcontracts.** No MBE/WBE group showed substantial disparities on standard construction-related professional services subcontracts.

**4. Contracts worth less than \$100,000.** BBC also examined disparity results for the City’s small construction-related professional services contracts (contracts worth less than \$100,000). Results for individual MBE/WBE groups are shown below in Figure 7-14.

**Figure 7-14.**  
**Disparity indices for City**  
**construction-related**  
**professional services**  
**contracts worth less than**  
**\$100,000,**  
**July 2004–June 2009**

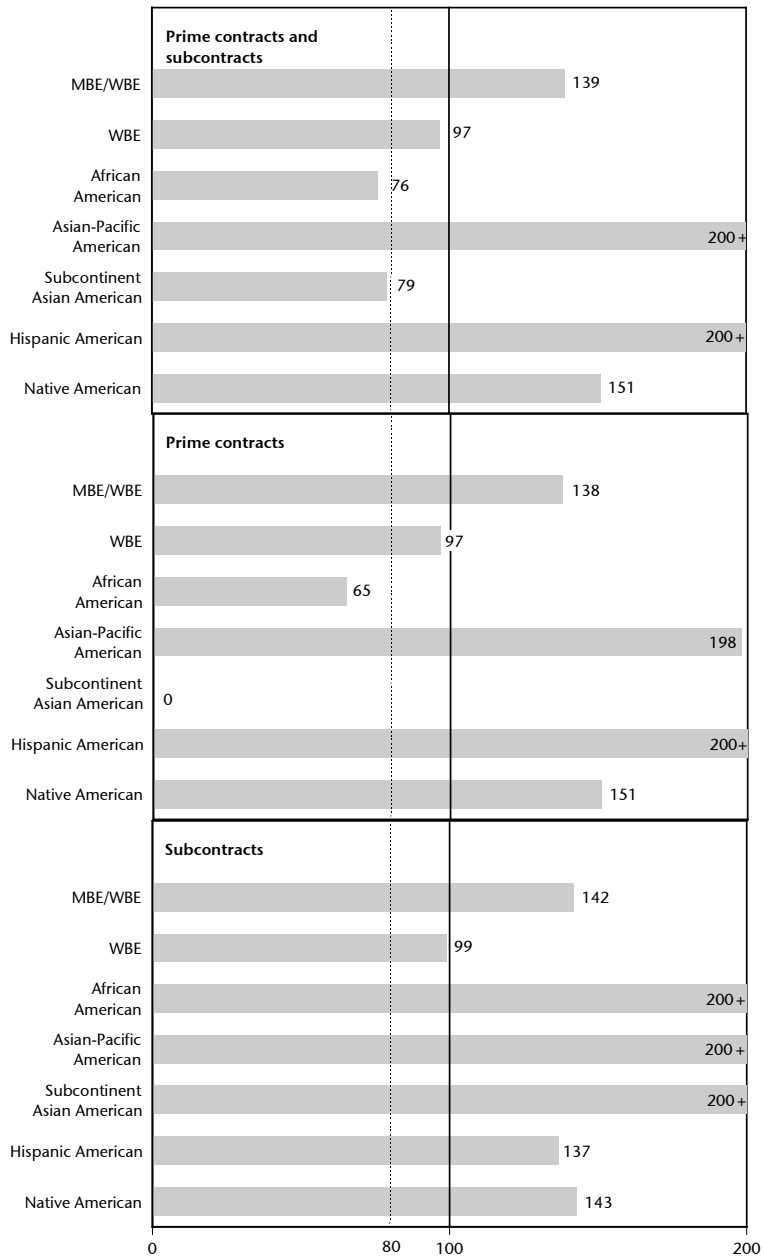
Note:

Number of prime contracts and subcontracts analyzed is 428, number of prime contracts is 338 and number of subcontracts is 90.

For more detail, see Figures M-11, M-12 and M-13 in Appendix M.

Source:

BBC Research & Consulting from data on City of Portland construction-related professional services contracts.



**Prime contracts and subcontracts.** When considering prime contracts and subcontracts together, substantial disparities were found for African American- (disparity index of 76) and Subcontinent Asian American-owned firms (disparity index of 79) No other groups show substantial disparities.

**Prime contracts.** As shown in Figure 7-14, the study team also found substantial disparities for African American- (disparity index of 65) and Subcontinent Asian American-owned firms (disparity index of 0) when considering construction-related professional services prime contracts. No other MBE/WBE groups showed substantial disparities.

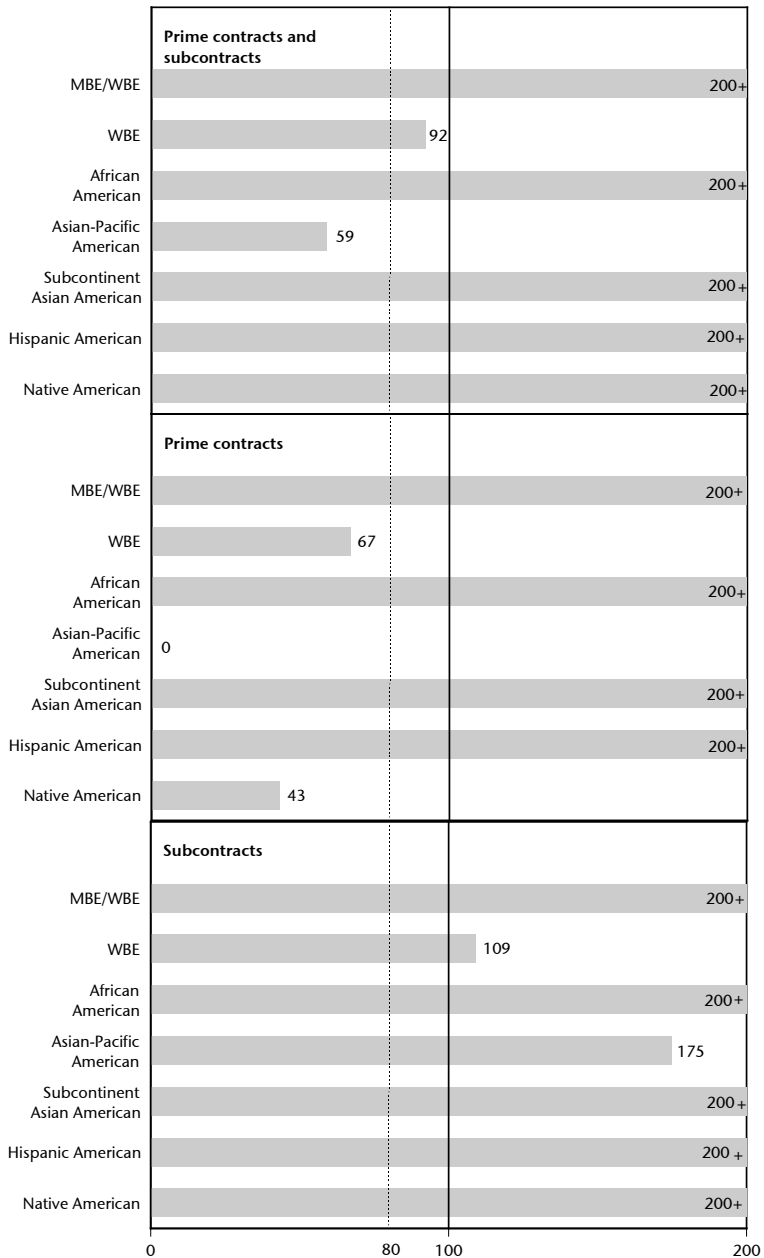
**Subcontracts.** No substantial disparities were found for any MBE/WBE groups on subcontracts for small construction-related professional services contracts.

**5. Contracts worth \$100,000 or more.** Figure 7-15 shows disparity results for City construction-related professional services contracts that were worth \$100,000 or more.

**Figure 7-15.**  
**Disparity indices for City**  
**construction-related**  
**professional services**  
**contracts \$100,000 and**  
**more,**  
**July 2004–June 2009**

Note:  
 Number of prime contracts and subcontracts analyzed is 663, number of prime contracts analyzed is 130 and number of subcontracts is 533.  
 For more detail, see Figures M14, M-15 and M-16 in Appendix M.

Source:  
 BBC Research & Consulting from data on City of Portland construction-related professional services contracts.



**Prime contracts and subcontracts.** Asian-Pacific American-owned firms (disparity index of 59) showed a substantial disparity when considering prime contracts and subcontracts. No other MBE/WBE group showed a disparity index of less than 80.

**Prime contracts.** WBEs received 67 percent of the dollars that they would be expected to receive based on availability. Substantial disparities were also found for Asian Pacific American- (disparity index of 0) and Native American-owned firms (disparity index of 43).

**Subcontracts.** No disparities were found for any MBE/WBE group for subcontracts on construction-related professional services contracts \$100,000 and more.

**6. Analysis of statistical significance of results.** As discussed in Chapter 6, BBC’s analyses of utilization and availability were not based on sampling methods and thus could be considered analyses of populations. Therefore, any disparities found when comparing overall utilization with availability could be considered “statistically significant.” BBC also used a sophisticated analytical tool (Monte Carlo analysis) to examine whether results could be explained by “chance” in prime contract and subcontract awards. BBC found that the number of contracts and subcontracts were too small given the level of availability of individual MBE/WBE groups for random chance in contract and subcontract awards to be consistently rejected as an explanation for the disparities, even when the disparity indices were zero.

**7. Summary of City of Portland construction-related professional services disparity results.** City efforts to encourage the utilization of MBE/WBEs on City construction-related professional services contracts appear to be effective. More than one-third (35%) of City construction-related professional services contract dollars during the study period went to MBE/WBEs, including firms not certified as MBEs, WBEs or ESBs. MBEs accounted for 28 percent of the total construction-related professional services dollars studied and WBEs received 6.8 percent of the dollars.

The 28 percent utilization of MBEs on City construction-related professional services contracts exceeded what might be expected based on the study team’s analysis of MBE availability for that work (7.2%). WBE utilization (6.8%) was somewhat below overall availability (7.4%) for the professional services contracts studied. Overall MBE/WBE utilization was substantially below availability for prime contracts on standard (as opposed to on-call) construction-related professional services contracts (disparity index of 64).

One MBE group — Asian-Pacific American-owned firms — received a substantially smaller share of City construction-related professional services contract dollars than what might be expected based on availability (disparity index of 71). BBC identified disparities for other MBE groups for certain sets of contracts, but no other groups exhibited a substantial disparity for City construction-related professional services contracts overall.

Note that one must exercise caution when interpreting disparities or lack of disparities for an MBE group for relatively small sets of prime contracts or subcontracts. Appendix M provides additional tables detailing the disparity results.