



MASON TILLMAN  
ASSOCIATES, LTD



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# City of St. Louis Disparity Study

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# **CHAPTER 1: CONTRACTING AND PROCUREMENT POLICY REVIEW**

## **I. INTRODUCTION**

This chapter is an overview of the policies governing procurement by the City of St. Louis (City), St. Louis Development Corporation (SLDC), the Lambert-St. Louis International Airport (Airport), and the Board of Public Service (BPS) during the July 1, 2007 to June 30, 2012 study period. The analysis is limited to the industries of construction, professional services (which included architecture and engineering), and goods and other services. The analysis of the procurement process for Lambert-St. Louis International Airport was limited to locally funded contracts.

The following documents were reviewed in preparation of this chapter:

### **1. Board of Public Service**

- Policies and Procedures for Procurement of Professional Service Agreements, prepared by the Board of Public Service, November 2012 and January 2005
- Rules and Procedures for Professional Service Agreements Other than Those Established by Ordinance 64103, prepared by the Board of Public Service, November 2004

### **2. Supply Division**

- Procedures Manual, prepared by the Supply Division, December 2006
- Vendor Manual, prepared by the Supply Division, September 2010

### **3. Lambert-St. Louis International Airport**

- Purchasing/Material Handling Policy/Procedures, prepared by the Lambert-St. Louis International Airport, May 2013



## **II. GOVERNING LAWS AND REGULATIONS**

The procurement process for the City, SLDC, the Lambert – St. Louis International Airport, and BPS is governed by the City’s ordinances and the State of Missouri regulations. These policies are listed in Table 1.01.

**Table 1.01: Governing Laws and Regulations**

<b>City Ordinances</b>
St. Louis City Ordinance 64102
St. Louis City Ordinance 64103
St. Louis City Ordinance 65884
St. Louis City Charter Article XV, Sections 25-30
Mayor’s Executive Order #28; Amendment #47
<b>State Regulations</b>
Missouri Revised Statutes, Chapter 170
Missouri Revised Statutes, Chapter 327

### **A. City Ordinances**

#### **1. St. Louis City Ordinance 64102**

St. Louis City Ordinance 64102 governs the procurement of professional services greater than \$5,000 by requiring committee approval from BPS.

#### **2. St. Louis City Ordinance 64103**

St. Louis City Ordinance 64103 governs the procurement of professional services by authorizing BPS to enter into professional service agreements, including architecture and engineering contracts.

#### **3. St. Louis City Ordinance 65884**

St. Louis City Ordinance 65884 governs the City’s procurement of supplies through cooperative or joint purchasing with other governmental entities.

#### **4. St. Louis City Charter Article XV, Sections 25-30**

St. Louis City Charter Article XV, Sections 25-30 governs the establishment of the Supply Division and the procurement of supplies, equipment, and materials through the Supply Division.



## 5. Mayor Executive Order 28, Amendment 47

The Mayor's Executive Order 28 governs the establishment of the City's Minority and Women Business Enterprise (M/WBE) Program. Amendment 47 upheld the Mayor's Executive Order 28, amending committee membership as appointed by the Mayor.

### **B. State Regulations**

#### 1. Missouri Revised Statutes, Chapter 170

The Missouri Revised Statutes, Chapter 170, Sections 8.25 through 8.29, specify the awarding of architecture and engineering contracts on the basis of demonstrated competence and qualifications for the type of services required, and at fair and reasonable prices. The statute also establishes required criteria for evaluating firm qualifications.

#### 2. Missouri Revised Statutes, Chapter 327

The Missouri Revised Statutes, Chapter 327, Sections 327.091, 327.181, and 327.272 provide the definitions of architecture, engineering, and land surveying services.

## **III. INDUSTRIES AND DEFINITIONS**

- **Architecture and Engineering Services:** Architects, engineers, and land surveyors, including consulting, investigating, evaluating, planning, and design, which require education, training and experience.<sup>1</sup>
- **Professional Services:** Consultants, attorneys and legal advisors, medical personnel, veterinarians, collection agencies, accountants, financial advisors, bond counsel, underwriters and underwriters' counsel.<sup>2</sup>
- **Supplies:** Materials, supplies, and equipment.



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<sup>1</sup> Missouri revised statutes §§ 327.091, 327.181, 327.272.

<sup>2</sup> City of St. Louis Ordinance 64102, June 27, 1992.

## **IV. PROCUREMENT PROCESS OVERVIEW**

The procurement methods utilized by the City, SLDC, the Airport, and BPS (hereinafter referred to as “the City”), are the same except where noted, and vary depending upon the industry, value, and type of procurement. The following section is divided by entity and the procurement types and procedures.

### **A. Board of Public Service**

#### **1. Competitive Procurements**

##### **a. Professional Services Greater Than \$5,000**

For professional services greater than \$5,000, the City shall form a Selection Committee.<sup>3</sup> The Selection Committee shall be composed of the Director of the department, division, or agency seeking the professional service or the designee of the director; one member of said department, division, or agency’s staff selected by said Director; one member selected by the Mayor; one member selected by the Comptroller; and one member selected by the President of the Board of Aldermen.<sup>4</sup> The Director’s designee shall act as Chair. The Chair shall draft a Request for Proposals (RFP) for Committee members to approve. The Chair shall present the Committee with a recommended proposal solicitation method, which may include advertisements in the newspaper, the *City Journal*, the City’s website, and/or written invitation to specific prospective respondents. The Committee shall vote on the solicitation method prior to the RFP issue. The Committee shall then develop a respondent “short list” and request that respondents on the “short list” make presentations before the Committee. Presentations will be evaluated on the specialized experience, qualification, and technical competence of the firm as well as the capacity and capability of the firm to perform the work within the time limitations. The Committee shall then vote to select the best qualified firm.

##### **b. Architecture and Engineering Services Less Than \$500,000**

For architecture and engineering services less than \$500,000, the City shall notify the president of BPS.<sup>5</sup> BPS is responsible for the public announcement of requirements for architecture and engineering services, the selection of firms, the negotiation and administration of contracts, and quality assurance of work performed by consultants.<sup>6</sup> BPS shall issue a Statement of Qualifications (SOQ) and post the notification in the newspaper, the *City Journal*, and BPS’s website. A Selection Committee shall be formed,

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<sup>3</sup> City of St. Louis Ordinance 64102.

<sup>4</sup> *Rules and Procedures for Professional Service Agreements Other than those Established by Ordinance 64103.*

<sup>5</sup> City of St. Louis Ordinance 64103, June 27, 1997.

<sup>6</sup> *Policies and Procedures for Procurement of Professional Service Agreements.*



which will consist of (1) the president of the BPS or the president's designee; (2) one other member of the president's staff selected by the president; (3) the head of the user department, or a designee; (4) one member of that department's staff, selected by the department head; and (5) one person selected by the president of the BPS from a list of current employees of the City of St. Louis who are qualified in the profession for which the contract is sought. Each member of the Committee shall be a voting member.<sup>7</sup> All architecture and engineering firms wishing to provide professional services to the City shall submit to the Department of the president of the BPS a current SF 330—Part II—General Qualifications. The qualifications will be ranked by score. The first-ranked firm will be selected as the best qualified firm.

### **c. Architecture and Engineering Services Greater than \$500,000**

For architecture and engineering services greater than \$500,000, the City shall notify the president of the BPS.<sup>8</sup> BPS shall issue a Request for Qualifications (RFQ) and post the notification in the newspaper, the *City Journal*, and BPS's website. A Selection Committee will evaluate the SOQ submitted based on firm experience, qualifications, and technical competence. All architecture and engineering firms wishing to provide professional services to the City shall submit a current SF330—Part I—General Qualifications no more than once a year to the Department of the President.<sup>9</sup> Qualifications will be ranked by score. The first, second, and third-ranked firms will be invited to present their qualifications to provide the services requested. Presentations will also be evaluated, scored, and ranked.<sup>10</sup> The first-ranked firm will be selected as the best-qualified, and the City will enter into contract negotiations.

## **2. Non-Competitive Procurements**

### **a. Architecture and Engineering, Sole Source Procurement**

Sole source procurement contracts may be awarded when the Selection Committee determines that continuity of service, prior knowledge, or experience would make other considerations unfeasible, or when an emergency exists that would make other processes unfeasible. All architecture and engineering firms must submit a current SF 330—General Qualifications to the president of the BPS.<sup>11</sup>

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<sup>7</sup> City Ordinance 64103.

<sup>8</sup> City Ordinance 64103.

<sup>9</sup> *Policies and Procedures for Procurement of Professional Service Agreements.*

<sup>10</sup> Missouri revised statutes 170, 8.289.

<sup>11</sup> *Policies and Procedures for Procurement of Professional Service Agreements.*



**b. Architecture and Engineering, SF 330 Selection**

In the event that time is critical for the City to enter into a contract for professional services, BPS may use the SF 330 selection method. The president of BPS may short-list qualified firms from the SF 330s on file with the Department of the president and BPS. All architecture and engineering firms wishing to provide professional services to the City shall file the SF 330 form not more than once a year. The selection committee reviews the list of qualified firms and invites selected firms to submit SOQ. The qualifications will be ranked by score. The first-ranked firm will be selected as the best qualified firm.

**c. Professional Services, Sole-Source Procurement**

Sole-source procurements from professional services firms require Committee approval. The Director shall provide notice of Committee formation for the purpose of reviewing a proposed sole-source engagement and the scope of services. At least three members of the Committee shall vote. The maximum compensation paid to a professional service firm for any sole-source engagement shall not exceed \$50,000.<sup>12</sup>

**B. Supply Division**

**1. Competitive Procurements**

**a. Supplies and Contractual Services Valued Between \$500 and \$4,999**

For supplies and contractual services valued between \$500 and \$4,999, the Supply Division must request sealed bids. The Supply Division is responsible for assuring that purchases meet standards and specifications as adopted by the Board of Standardization.<sup>13</sup> The Board of Standardization is responsible for classifying and standardizing all supplies and materials purchased by the City, as well as awarding contracts. The Board of Standardization consists of the Comptroller, Supply Commissioner, and president of the BPS.<sup>14</sup> The contract is awarded to the lowest bidder for the entire requisition or any part thereof.

**b. Supplies and Contractual Services \$5,000 or Greater**

For supplies and contractual services of \$5,000 or greater, the Supply Division must request sealed bids. Requests for sealed bids must be advertised in the City Journal for 21 calendar days.<sup>15</sup> The Board of Standardization is responsible for classifying and

<sup>12</sup> *Rules and Procedures for Professional Service Agreements Other than those Established by Ordinance 64103.*

<sup>13</sup> *Supply Division Procedures Manual.*

<sup>14</sup> St. Louis Charter Article XV, Section 28.

<sup>15</sup> *Supply Division Procedures Manual, Article XV, Section 28.*



standardizing all supplies and materials purchased by the City and awarding contracts. The contract is awarded to the lowest bidder for the entire requisition or any part thereof.

## **2. Non-competitive Procurements**

### **a. Cooperative Procurement**

Cooperative or joint purchasing with other governmental entities to procure supplies or contractual services may be made by the Supply Commissioner with approval from the Board of Standardization.<sup>16</sup> Prior to the purchase of additional supplies, the requesting division is required to check with the Supply Division to determine if the supplies might be obtained under an existing State, County, or Department of Transportation contract. Joint purchasing may consist of (1) utilizing purchase agreements established by other governmental entities under their joint or cooperative purchase programs, and (2) purchasing City supplies directly from purchase agreements established by other governmental entities under their joint or cooperative purchasing programs, for which advertising and bidding have been conducted through such governmental entities. Bid deposits and separate purchase contracts are not required for purchases made under joint purchasing.

### **b. Sole Source Procurement**

Sole-source procurement contracts may be awarded when there is only one source for the required supplies or other services. The Department must submit a sole-source justification to the Board of Standardization of the Supply Division for approval.<sup>17</sup> For all purchases valued over \$500, approval must be requested on standard letterhead. For all purchases valued over \$5,000, a request for a Waiver of Advertising must be included in the letter. The Supply Division will inform the department if the request has been approved. The Supply Division will seek competitive bids when other potential vendors are available, or if there is not sufficient documentation to justify sole source purchase.

### **c. Emergency Procurement**

Emergency purchases can be made only when a condition exists which might cause injury to a person, property damage, or serious impairment of public health or services. Emergency purchases require approval of the Comptroller's Office and the Supply Division when possible.<sup>18</sup> For all purchases valued over \$5,000, a request of a Waiver of Advertising must be sent via letter within two (2) days of the approval. Bids from vendors are to be solicited when possible. Vendors are selected on lowest price or best availability, depending on the situation.

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<sup>16</sup> City of St. Louis Ordinance 65884.

<sup>17</sup> *Supply Division Procedures Manual*.

<sup>18</sup> *Id.*



## **C. Lambert-St. Louis International Airport**

### **1. Competitive Procurements**

#### **a. Small Purchase Orders for Supplies Less Than \$500 and Services Less Than \$5,000**

For supplies less than \$500 and services less than \$5,000, the Airport may authorize purchase orders.<sup>19</sup> Airport managers and supervisors are responsible for authorizing and monitoring the small purchases. All small purchases must be justifiable by requestors. Purchases under \$1,000 are approved by the Airport Purchasing Manager or the Administrative Assistant for Purchasing. Purchases over \$1,000 require the approval of the Deputy Director of Finance and Administration. The Airport Manager is responsible for justifying and obtaining said approval. All requests and approvals must be submitted to Materials Management.

#### **b. Supplies Greater Than \$500**

For purchases of supplies, materials, and equipment greater than \$500, an Airport department head or delegated representative must submit a Request for Requisition (RFR) to Materials Management.<sup>20</sup> Airport Purchasing enters the RFR into the database. All RFRs must receive Purchasing Manager approval. After the request is verified by the Comptroller to assess availability of funds, the Supply Division issues a formal bid. The Supply Division advertises the Request for Bid, receives bids, and forwards the results to Airport Purchasing. The bids are then forwarded to the user department for review and recommendation. Airport Purchasing receives the recommendation and prepares an award recommendation package for the approval of the Assistant Director of Finance and Accounting. The recommendation package is then sent to City's Supply Division, who gives final approval or disapproval of the award.

#### **c. Services Greater Than \$5,000**

All labor and material requests exceeding \$5,000 are submitted as an emergency request to the Comptroller for approval following the procedures for emergency procurement.<sup>21</sup>



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<sup>19</sup> *Lambert St. Louis International Airport Purchasing/Material Handling Policy/Procedures.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

## 2. Non-competitive Procurements

### a. Emergency and Sole Source Procurement

Emergency purchases can be made only when a condition exists which might cause injury to a person, property damage or serious impairment of public health or services. For purchases with a total cost exceeding \$500 for supplies, materials, and equipment and \$5,000 for labor and materials, the user department must receive approval.<sup>22</sup> A minimum of two letter, facsimile, or email bids must be obtained. For sole-source procurement, a single letter bid is acceptable if accompanied by justification indicating why other firms cannot provide the item or service. The request and bids must be sent to the Materials Management. Materials Management must complete a letter requesting emergency approval. Authorization must be received from the Comptroller's designated representative.

### b. Re-Awards

Re-award purchases can be made when Airport Purchasing determines there is a recurring requirement for an item bid through Supply Division that was awarded within the past 12 months.<sup>23</sup> Airport purchasing contacts the vendor to determine acceptance of re-award. Airport purchasing then orders the item and forwards an invoice, a copy of the previous invoice, and a letter of acceptance from the vendor to the Supply Division through Accounting and Finance. Purchases with high-dollar values, such as vehicles or transactions exceeding \$20,000, require Supply Commissioner approval.

## ***D. Minority and Women Business Program***

The City established a M/WBE Program pursuant to Executive Order 28, and upheld the Program through the Executive Order 47 amendment. It is the policy of the City that the effects of identified discrimination against MBEs and WBEs within its jurisdiction be eradicated as part of a business and economic development strategy.

The objectives of the M/WBE Program are as follows:

- To maximize opportunities for the participation of legitimate M/WBEs in City funded or incentivized contracting opportunities, and
- To foster positive relationships between M/WBEs and other businesses that lead to successful long-term contracting opportunities for M/WBEs in both the public and private sector.

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<sup>22</sup> *Lambert St. Louis International Airport Purchasing/Material Handling Policy/Procedures.*

<sup>23</sup> *Id.*



Responsibility for the administration and enforcement of the City’s M/WBE participation policy is assigned to the SLDC.<sup>24</sup> These responsibilities include adopting rules and regulations, providing assistance to M/WBEs to compete effectively for City contracts, and reviewing progress in meeting each contracting department’s M/WBE utilization goals.

### **1. M/WBE Certification**

The City’s certification process is managed by SLDC at the Disadvantaged Business Enterprise (DBE) Office at the St. Louis Airport Authority. Certification may also be obtained through the Missouri Regional Certification Committee (MRCC), pursuant to United States Department of Transportation DBE Regulation 49 Code of Federal Regulations (CFR), Part 26. M/WBE certification is applicable for most City-funded contracts and City incentives.

In order to qualify for M/WBE certification, a minimum of 51 percent of a business applicant must be owned and controlled by one or more minority group member, or by a woman. The business entity’s ownership must be real, substantial, and continuing beyond *pro forma* ownership of the firm. Both ownership and control of the business entity must rest with the minority group member and/or woman applicant. The business entity must also be a local for-profit, independent business.

All M/WBE certification applicants must complete a Standard Certification Application, unless certification has already been obtained through the MRCC. Applicants must affirm that majority ownership resides with a minority group member, a woman, or a socially and economically disadvantaged individual, and that the business entity comports with the size standards as set forth in 49 CFR Part 26.

### **2. M/WBE Goals**

The M/WBE Program has set forth participation goals for certified business enterprises. The City has contract goals of at least 25 percent MBE Participation and 5 percent WBE Participation.<sup>25</sup> These goals apply to prime contracts awarded by the City, and to the prime contractors’ subcontracts. These goals are applicable for public works and professional service contracts with an annual aggregate exceeding \$150,000, as well as all supply contracts.

### **3. Good Faith Efforts**

Good faith efforts consist of demonstrated reasonable actions to achieve contract goals.<sup>26</sup> Good faith efforts are to be made by the City and prime contractors. All good faith efforts



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<sup>24</sup> City of St. Louis Mayor’s Executive Order 28.

<sup>25</sup> *Id.*

<sup>26</sup> City of St. Louis Mayor’s Executive Order 28.

are to be performed prior to bid opening. The following list of actions consists of examples of practices that demonstrate a good faith effort:

- Ensure that plans and specifications are clear and reflect the actual requirements;
- Delete any contractual provisions that would require M/WBEs to take unreasonable business risks;
- Publicly advertise every project, taking advantage of general circulation magazines and newspapers, and any publications that target M/WBEs in the relevant area;
- Conduct pre-bid meetings or make the project manager readily available to discuss the project with interested parties;
- Maintain communication between prime contract bidder and interested M/WBEs; and,
- Break down subcontracts into discrete items or packages that M/WBEs in the relevant area may find economically feasible to perform.



# **CHAPTER 2: PRIME CONTRACTOR UTILIZATION ANALYSIS**

## **I. INTRODUCTION**

This chapter documents the City of St. Louis’ (City) utilization of prime contractors by ethnicity and gender during the July 1, 2007 to June 30, 2012 study period. The analysis of the City’s expenditures during the study period was classified into three industries—construction, professional services (which included architecture and engineering), and goods and other services. The data in the Disparity Study (Study) are disaggregated into seven ethnic and gender groups. The seven groups are listed in Table 2.01.

**Table 2.01: Business Ethnic and Gender Groups**

<b>Ethnicity and Gender Category</b>	<b>Definition</b>
African American Businesses	Businesses owned by male and female African Americans
Asian American Businesses	Businesses owned by male and female Asian Americans
Hispanic American Businesses	Businesses owned by male and female Hispanic Americans
Native American Businesses	Businesses owned by male and female Native Americans
Minority Business Enterprises	Businesses owned by African American, Asian American, Hispanic American, and Native American males and females
Woman Business Enterprises (hereinafter referred to as Caucasian Female Business Enterprises)	Businesses owned by Caucasian females
Non-Minority Male Business Enterprises	Businesses owned by Caucasian males, and businesses that could not be identified as minority or female-owned <sup>1</sup>



## **II. PRIME CONTRACT DATA SOURCES**

Prime contractor data sources included the City's expenditures for the July 1, 2007 to June 30, 2012 study period. The prime contract records were provided by the Comptroller's Office. The City departments included in the Study are limited to those under the authority of the Mayor's office. The records received from the Comptroller's Office were grouped by department code.<sup>2</sup> Mason Tillman worked with the Comptroller's Office to confirm the correct department code for each prime contract. The records for each department were classified as *goods* or *non-goods* by reviewing the Reference Purchase Order Number.

The records were further classified by Northern American Industry Classification System (NAICS) code. NAICS codes were determined by using industry keywords against prime vendor names and/or account descriptions. Each contract was then classified into one of the three industries: construction, professional services, or goods and other services. Contracts with not-for-profit entities, state and other local government entities, claims/reimbursements and utility companies were excluded from the Disparity Study analysis.<sup>3</sup> Purchases from the state list were also excluded. The industry classifications were reviewed and approved by the City. After approval, the payments were grouped by "Transaction ID" to create unique transactions which are referred to as contracts.

The ethnicity and gender of the prime contractors were researched in an effort to verify each prime contractor's ethnic and gender group. First, Mason Tillman provided the Comptroller's Office with a list of prime contracts for verification of the business owner's ethnicity and gender. Prime contractor ethnicity and gender that were not confirmed by the city were cross-referenced with certification lists, chambers of commerce lists, and trade organization membership directories. Prime contractor's websites were also reviewed for the ethnicity and gender of the business owner. Prime contractors whose ethnicity and gender could not be verified through published sources were surveyed. Once the ethnicity and gender research was completed and the contract records were cleaned, the utilization analysis was performed.

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<sup>1</sup> See *Section II: Prime Contract Data Sources* for the methodology employed to identify the ethnicity and gender of the City's utilized prime contractors.

<sup>2</sup> Departments included in the analysis: Board of Aldermen, Mayor, Personnel, Information Technology Services Agency, Budget Division, Law Department, Comptroller's Office, Supply Division, Multigraph, Assessor's Office, Director of Parks, Recreation & Forestry, Division of Recreation, Division of Forestry, Division of Parks, Soulard Market, Circuit Clerk, Circuit Court, Circuit Attorney, Board of Jury Supervisors, City Courts, City Marshal, Circuit Courts –Juvenile Division, Circuit Drug Court, Recorder of Deeds, Board of Elections, Water Division, Lambert–St. Louis Airport, Director of Streets, Traffic, Towing, Street Maintenance, Refuse, Director of Public Safety, Fire Department, Building Commissioner, Neighborhood Stabilization, City Emergency Management Agency, Corrections/MSI, City Justice Center, Health, Human Services, Board of Public Service, Facilities Management, and Equipment Services.

<sup>3</sup> The exclusions also included: contracts outside of the study period, airlines, investment companies/banks, educational institutions, faith groups, hotels, insurance payments, media (radio, TV, newspapers, journals, magazines, telemarketing), medical, pet shops and veterinarians, petroleum companies, real estate (title companies, leasing, investments), recreation (theatres, sport clubs, golf courses), car rentals, restaurants, trade and professional associations, care centers (children, seniors, rehabilitation), pharmacies, residential building operators, auto, motorcycle, and boat dealers, farming, manufacturing companies, travel, retail, publishing, beauty salons, postal carriers, staffing/employment agencies, security and investigative firms, towing, design studios, wholesale suppliers, and Disadvantaged Business Enterprise (DBE) contracts.



### **III. PRIME CONTRACTOR UTILIZATION THRESHOLDS**

Contracts within each of the three industries were analyzed at two dollar levels. One level included all contracts, regardless of award amount. A second level included all contracts valued under \$500,000. The \$500,000 threshold was designated because at this level there was a demonstrated capacity within the pool of willing M/WBEs.

### **IV. PRIME CONTRACTOR UTILIZATION**

#### **A. All Prime Contractors**

As depicted in Table 2.02, the City of St. Louis issued 5,292 prime contracts during the July 1, 2007 to June 30, 2012 study period. The 5,292 prime contracts included 1,256 for construction, 949 for professional services, and 3,087 for goods and other services.

The payments made by the City during the study period totaled \$473,656,645 for all 5,292 prime contracts. Payments included \$256,398,463 for construction, \$69,464,627 for professional services, and \$147,793,555 for goods and other services.

**Table 2.02: Total Prime Contracts and Dollars Expended, All Industries, July 1, 2007 to June 30, 2012**

<b>Industry</b>	<b>Total Number of Contracts</b>	<b>Total Dollars Expended</b>
Construction	1,256	\$256,398,463
Professional Services	949	\$69,464,627
Goods and Other Services	3,087	\$147,793,555
<b>Total Expenditures</b>	<b>5,292</b>	<b>\$473,656,645</b>

#### **B. Highly Used Prime Contractors**

The highly used prime contractor analysis determines which individual contractors received the majority of contract dollars during the study period. To conduct the analysis, all prime contracts and contract amounts are clustered by prime contractor name. The contract amounts for each prime contractor are aggregated. The prime contractors who received 70 percent of contract dollars are determined from the aggregated amounts.



These contractors are deemed “highly used.” The ethnicity and gender of the highly used prime contractors are presented in this analysis.

The City of St. Louis awarded a total of 5,292 construction, professional services, and goods and other services prime contracts during the study period. As depicted in Table 2.03, the City’s 5,292 prime contracts were received by 969 unique vendors.

**Table 2.03: Total Prime Contracts**

Total Prime Contracts	5,292
Total Utilized Vendors	969
<b>Total Expenditures</b>	<b>\$473,656,645</b>

The highly used prime contractor analysis determined that 44 vendors received approximately 70 percent of the total prime contract dollars. The 44 vendors represented 4.54 percent of the 969 vendors.

Table 2.04 below presents the distribution of the City’s prime contracts according to the number of vendors. Forty-four of the 969 vendors received \$332,121,822 or 70 percent of the total prime contract dollars. The findings illustrate that a small group of prime contractors received the majority of the dollars the City spent.

**Table 2.04: All Prime Contracts Distributed by Number of Vendors**

<b>Vendors</b>	<b>Total Dollars Received</b>	<b>Percent of Dollars Received<sup>4</sup></b>	<b>Number of Contracts Awarded</b>	<b>Percent of Contracts Awarded<sup>5</sup></b>
44 Vendors Received	\$332,121,822	70%	1,127	21%
<b>969 Total Vendors</b>	<b>\$473,656,645</b>	<b>100%</b>	<b>5,292</b>	<b>100%</b>

Table 2.05 presents the ethnicity and gender of 17 of the 44 most highly used prime contractors, who received nearly 50 percent of the dollars spent. The 17 most highly used prime contractors in all industries were Non-Minority Male and African American businesses. The contracts these 17 businesses received ranged from \$5,015 to \$20,809,740.



<sup>4</sup> Percentages are rounded to the nearest whole number.

<sup>5</sup> Percentages are rounded to the nearest whole number.

**Table 2.05: Top 17 Highly Used Prime Contractors**

<b>Ethnicity/ Gender<sup>6</sup></b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
African American	\$14,818,050	3.13%	267	5.05%
Non-Minority Males	\$224,896,754	47.48%	403	7.62%

**C. Highly Used Construction Prime Contractors**

The pattern of highly used vendors was also evident in the construction industry. The City awarded a total of 1,256 construction prime contracts during the study period. As depicted in Table 2.06, the 1,256 construction prime contracts were received by 205 unique vendors.

**Table 2.06: Total Construction Prime Contracts**

Total Prime Contracts	1,256
Total Utilized Vendors	205
<b>Total Expenditures</b>	<b>\$256,398,463</b>

An analysis was performed to determine the number of vendors that received approximately 70 percent of the construction prime contract dollars. The analysis determined that 12 vendors received 72 percent of the total prime contract dollars. The 12 vendors represented 5.85 percent of the 205 utilized vendors.

Table 2.07 below presents the distribution of the City’s construction prime contracts according to the number of vendors. Twelve of the 205 vendors received \$184,274,390 or 72 percent of the prime contract dollars. The findings illustrate that a small group of prime contractors received the majority of the construction prime contract dollars the City spent.



<sup>6</sup> Asian Americans, Hispanic Americans, Native Americans, and Caucasian Females were omitted from the table because they were not highly used.

**Table 2.07: Construction Prime Contracts Distributed by Number of Vendors**

Vendors	Total Dollars Received	Percent of Dollars Received <sup>7</sup>	Number of Contracts Awarded	Percent of Contracts Awarded <sup>8</sup>
12 Highly Used Vendors	\$184,274,390	72%	190	15%
<b>205 Total Vendors</b>	<b>\$256,398,463</b>	<b>100%</b>	<b>1,256</b>	<b>100%</b>

Table 2.08 presents the ethnicity and gender of seven of the 12 most highly used construction prime contractors, representing over 50 percent of dollars spent. The seven most highly used construction prime contractors were Non-Minority Male businesses. The contracts received by these seven businesses ranged from \$5,455 to \$20,809,740.

**Table 2.08: Top Seven Highly Used Construction Prime Contractors**

Ethnicity/Gender <sup>9</sup>	Total Dollars	Percent of Dollars	Number of Contracts	Percent of Contracts
Non-Minority Males	\$132,221,756	100%	80	100%

***D. Highly Used Professional Services Prime Contractors***

The City awarded a total of 949 professional services prime contracts during the study period. As depicted in Table 2.09, the 949 professional services prime contracts were received by 243 vendors.

**Table 2.09: Total Professional Services, Prime Contracts**

Total Prime Contracts	949
Total Utilized Vendors	243
<b>Total Expenditures</b>	<b>\$69,464,627</b>

An analysis was performed to determine the number of vendors that received approximately 70 percent of the professional prime contract dollars the City awarded. The analysis determined that 27 vendors received 70 percent of the total professional

<sup>7</sup> Percentages are rounded to the nearest whole number.

<sup>8</sup> Percentages are rounded to the nearest whole number.

<sup>9</sup> African Americans, Asian Americans, Hispanic Americans, Native Americans and Caucasian Females were omitted from the table because they were not highly used.



services prime contract dollars. The 27 vendors represented 11.1 percent of the 243 vendors.

Table 2.10 below presents the distribution of the City’s professional services prime contracts according to the number of vendors. Twenty-seven of the 243 vendors received \$48,801,533 or 70 percent of the prime contract dollars. The findings illustrate that a small group of prime contractors received the majority of the professional services prime contract dollars the City spent during the study period.

**Table 2.10: Professional Services, Prime Contracts Distributed by Number of Vendors**

Vendors	Total Dollars Received	Percent of Dollars Received <sup>10</sup>	Number of Contracts Awarded	Percent of Contracts Awarded <sup>11</sup>
27 Highly Used Vendors	\$48,801,533	70%	402	42%
<b>243 Total Vendors</b>	<b>\$69,464,627</b>	<b>100%</b>	<b>949</b>	<b>100%</b>

Table 2.11 presents the ethnicity and gender of 11 of the most highly used professional services prime contractors, representing approximately 50 percent of dollars spent. The 11 most highly used professional services prime contractors consisted of African American and Non-Minority Male businesses. The contracts received by these 11 businesses ranged from \$5,086 to \$4,096,826.

**Table 2.11: Top 11 Highly Used Professional Services Prime Contractors**

Ethnicity/ Gender <sup>12</sup>	Total Dollars	Percent of Dollars	Number of Contracts	Percent of Contracts
African Americans	\$2,315,750	6.46%	8	5.59%
Non-Minority Males	\$33,525,900	93.54%	135	94.41%

<sup>10</sup> Percentages are rounded to the nearest whole number.

<sup>11</sup> Percentages are rounded to the nearest whole number.

<sup>12</sup> Asian Americans, Hispanic Americans, Native Americans, and Caucasian Females were omitted from the table because they were not highly used.



**E. Highly Used Goods and Other Services Prime Contractors**

The City awarded a total of 3,087 goods and other services prime contracts during the study period. As depicted in Table 2.12, the 3,087 goods and other services prime contracts were received by 540 vendors.

**Table 2.12: Total Goods and Other Services Prime Contracts**

Total Prime Contracts	3,087
Total Utilized Vendors	540
<b>Total Expenditures</b>	<b>\$147,793,555</b>

An analysis was performed to determine the number of vendors that received approximately 70 percent of the goods and other services prime contract dollars the City awarded. The analysis determined that 29 vendors received 71 percent of the total goods and other services prime contract dollars. The 29 vendors represented 5.37 percent of the 540 vendors.

Table 2.13 below presents the distribution of the City’s goods and other services prime contracts according to the number of vendors. Twenty-nine of the 540 vendors received \$104,237,898 or 71 percent of the prime contract dollars. The findings illustrate that a small group of prime contractors received the majority of the goods and other services prime contract dollars the City spent during the study period.

**Table 2.13: Goods and Other Services, Prime Contracts Distributed by Number of Vendors**

Vendors	Total Dollars Received	Percent of Dollars Received <sup>13</sup>	Number of Contracts Awarded	Percent of Contracts Awarded <sup>14</sup>
29 Highly Used Vendors	\$104,237,898	71%	1,169	38%
<b>540 Total Vendors</b>	<b>\$147,793,555</b>	<b>100%</b>	<b>3,087</b>	<b>100%</b>

<sup>13</sup> Percentages are rounded to the nearest whole number.

<sup>14</sup> Percentages are rounded to the nearest whole number.



Table 2.14 presents the ethnicity and gender of 10 of the 29 most highly used goods and other services prime contractors, representing approximately 50 percent of dollars spent. These 10 most highly used goods and other services prime contractors were African American and Non-Minority Male businesses. The contracts received by these 10 businesses ranged from \$5,013 to \$6,481,462.

**Table 2.14: Top 10 Highly Used Goods and Other Services Prime Contractors**

<b>Ethnicity/ Gender<sup>15</sup></b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
African Americans	\$7,017,092	9.45%	264	35.39%
Non-Minority Males	\$67,202,184	90.55%	482	64.61%



<sup>15</sup> Asian Americans, Hispanic Americans, Native Americans, and Caucasian Females were omitted from the table because they were not highly used.

## **F. All Prime Contracts by Industry**

### **1. Construction Prime Contractor Utilization: All Contracts**

Table 2.15 summarizes all prime contract dollars expended by the City of St. Louis on construction prime contracts. Minority Business Enterprises received 5.42 percent of the construction prime contract dollars; Caucasian Female Business Enterprises received 4.58 percent; and Non-Minority Male Business Enterprises received 90.01 percent.

*African Americans* received 42, or 3.34 percent of the construction prime contracts during the study period, representing \$13,846,233 or 5.4 percent of the prime contract dollars.

*Asian Americans* received none of the construction prime contracts during the study period.

*Hispanic Americans* received two, or 0.16 percent of the construction prime contracts during the study period, representing \$39,000 or 0.02 percent of the prime contract dollars.

*Native Americans* received none of the construction prime contracts during the study period.

*Minority Business Enterprises* received 44, or 3.5 percent of the construction prime contracts during the study period, representing \$13,885,233 or 5.42 percent of the prime contract dollars.

*Caucasian Female Business Enterprises* received 53, or 4.22 percent of the construction prime contracts during the study period, representing \$11,734,346 or 4.58 percent of the prime contract dollars.

*Minority and Caucasian Female Business Enterprises* received 97, or 7.72 percent of the construction prime contracts during the study period, representing \$25,619,579 or 9.99 percent of the prime contract dollars.

*Non-Minority Male Business Enterprises* received 1,159, or 92.28 percent of the construction prime contracts during the study period, representing \$230,778,884 or 90.01 percent of the prime contract dollars.



**Table 2.15: Construction Prime Contractor Utilization:  
All Contracts, July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	42	3.34%	\$13,846,233	5.40%
Asian Americans	0	0.00%	\$0	0.00%
Hispanic Americans	2	0.16%	\$39,000	0.02%
Native Americans	0	0.00%	\$0	0.00%
Caucasian Females	53	4.22%	\$11,734,346	4.58%
Non-Minority Males	1,159	92.28%	\$230,778,884	90.01%
<b>TOTAL</b>	<b>1,256</b>	<b>100.00%</b>	<b>\$256,398,463</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	7	0.56%	\$354,585	0.14%
African American Males	35	2.79%	\$13,491,648	5.26%
Asian American Females	0	0.00%	\$0	0.00%
Asian American Males	0	0.00%	\$0	0.00%
Hispanic American Females	2	0.16%	\$39,000	0.02%
Hispanic American Males	0	0.00%	\$0	0.00%
Native American Females	0	0.00%	\$0	0.00%
Native American Males	0	0.00%	\$0	0.00%
Caucasian Females	53	4.22%	\$11,734,346	4.58%
Non-Minority Males	1,159	92.28%	\$230,778,884	90.01%
<b>TOTAL</b>	<b>1,256</b>	<b>100.00%</b>	<b>\$256,398,463</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	9	0.72%	\$393,585	0.15%
Minority Males	35	2.79%	\$13,491,648	5.26%
Caucasian Females	53	4.22%	\$11,734,346	4.58%
Non-Minority Males	1,159	92.28%	\$230,778,884	90.01%
<b>TOTAL</b>	<b>1,256</b>	<b>100.00%</b>	<b>\$256,398,463</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	44	3.50%	\$13,885,233	5.42%
Caucasian Female Business Enterprises	53	4.22%	\$11,734,346	4.58%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>97</b>	<b>7.72%</b>	<b>\$25,619,579</b>	<b>9.99%</b>
Non-Minority Male Business Enterprises	1,159	92.28%	\$230,778,884	90.01%
<b>TOTAL</b>	<b>1,256</b>	<b>100.00%</b>	<b>\$256,398,463</b>	<b>100.00%</b>



## 2. Professional Services Prime Contractor Utilization: All Contracts

Table 2.16 summarizes all prime contract dollars expended by the City of St. Louis on professional services prime contracts. Minority Business Enterprises received 9.62 percent of the professional services prime contract dollars; Caucasian Female Business Enterprises received 4.14 percent; and Non-Minority Male Business Enterprises received 86.23 percent.

*African Americans* received 62, or 6.53 percent of the professional services prime contracts during the study period, representing \$5,583,981 or 8.04 percent of the prime contract dollars.

*Asian Americans* received 10, or 1.05 percent of the professional services prime contracts during the study period, representing \$826,041 or 1.19 percent of the prime contract dollars.

*Hispanic Americans* received two, or 0.21 percent of the professional services prime contracts during the study period, representing \$111,520 or 0.16 percent of the prime contract dollars.

*Native Americans* received three, or 0.32 percent of the professional services prime contracts during the study period, representing \$161,519 or 0.23 percent of the prime contract dollars.

*Minority Business Enterprises* received 77, or 8.11 percent of the professional services prime contracts during the study period, representing \$6,683,061 or 9.62 percent of the prime contract dollars.

*Caucasian Female Business Enterprises* received 89, or 9.38 percent of the professional services prime contracts during the study period, representing \$2,879,307 or 4.14 percent of the prime contract dollars.

*Minority and Caucasian Female Business Enterprises* received 166, or 17.49 percent of the professional services prime contracts during the study period, representing \$9,562,368 or 13.77 percent of the prime contract dollars.

*Non-Minority Male Business Enterprises* received 783, or 82.51 percent of the professional services prime contracts during the study period, representing \$59,902,259 or 86.23 percent of the prime contract dollars.



**Table 2.16: Professional Services Prime Contractor Utilization:  
All Contracts, July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	62	6.53%	\$5,583,981	8.04%
Asian Americans	10	1.05%	\$826,041	1.19%
Hispanic Americans	2	0.21%	\$111,520	0.16%
Native Americans	3	0.32%	\$161,519	0.23%
Caucasian Females	89	9.38%	\$2,879,307	4.14%
Non-Minority Males	783	82.51%	\$59,902,259	86.23%
<b>TOTAL</b>	<b>949</b>	<b>100.00%</b>	<b>\$69,464,627</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	28	2.95%	\$2,501,532	3.60%
African American Males	34	3.58%	\$3,082,449	4.44%
Asian American Females	1	0.11%	\$5,000	0.01%
Asian American Males	9	0.95%	\$821,041	1.18%
Hispanic American Females	0	0.00%	\$0	0.00%
Hispanic American Males	2	0.21%	\$111,520	0.16%
Native American Females	3	0.32%	\$161,519	0.23%
Native American Males	0	0.00%	\$0	0.00%
Caucasian Females	89	9.38%	\$2,879,307	4.14%
Non-Minority Males	783	82.51%	\$59,902,259	86.23%
<b>TOTAL</b>	<b>949</b>	<b>100.00%</b>	<b>\$69,464,627</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	32	3.37%	\$2,668,051	3.84%
Minority Males	45	4.74%	\$4,015,010	5.78%
Caucasian Females	89	9.38%	\$2,879,307	4.14%
Non-Minority Males	783	82.51%	\$59,902,259	86.23%
<b>TOTAL</b>	<b>949</b>	<b>100.00%</b>	<b>\$69,464,627</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	77	8.11%	\$6,683,061	9.62%
Caucasian Female Business Enterprises	89	9.38%	\$2,879,307	4.14%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>166</b>	<b>17.49%</b>	<b>\$9,562,368</b>	<b>13.77%</b>
Non-Minority Male Business Enterprises	783	82.51%	\$59,902,259	86.23%
<b>TOTAL</b>	<b>949</b>	<b>100.00%</b>	<b>\$69,464,627</b>	<b>100.00%</b>



### 3. Goods and Other Services Prime Contractor Utilization: All Contracts

Table 2.17 summarizes all contract dollars expended by the City of St. Louis on goods and other services prime contracts. Minority Business Enterprises received 8.25 percent of the goods and other services prime contract dollars; Caucasian Female Business Enterprises received 1.52 percent; and Non-Minority Male Business Enterprises received 90.24 percent.

*African Americans* received 307, or 9.94 percent of the goods and other services prime contracts during the study period, representing \$11,003,813 or 7.45 percent of the prime contract dollars.

*Asian Americans* received eight, or 0.26 percent of the goods and other services prime contracts during the study period, representing \$508,800 or 0.34 percent of the prime contract dollars.

*Hispanic Americans* received six, or 0.19 percent of the goods and other services prime contracts during the study period, representing \$664,553 or 0.45 percent of the prime contract dollars.

*Native Americans* received one, or 0.03 percent of the goods and other services prime contracts during the study period, representing \$10,915 or 0.01 percent of the prime contract dollars.

*Minority Business Enterprises* received 322, or 10.43 percent of the goods and other services prime contracts during the study period, representing \$12,188,081 or 8.25 percent of the prime contract dollars.

*Caucasian Female Business Enterprises* received 114, or 3.69 percent of the goods and other services prime contracts during the study period, representing \$2,240,317 or 1.52 percent of the prime contract dollars.

*Minority and Caucasian Female Business Enterprises* received 436, or 14.12 percent of the goods and other services prime contracts during the study period, representing \$14,428,399 or 9.76 percent of the prime contract dollars.

*Non-Minority Male Business Enterprises* received 2,651, or 85.88 percent of the goods and other services prime contracts during the study period, representing \$133,365,156 or 90.24 percent of the prime contract dollars.



**Table 2.17: Goods and Other Services Prime Contractor Utilization:  
All Contracts, July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	307	9.94%	\$11,003,813	7.45%
Asian Americans	8	0.26%	\$508,800	0.34%
Hispanic Americans	6	0.19%	\$664,553	0.45%
Native Americans	1	0.03%	\$10,915	0.01%
Caucasian Females	114	3.69%	\$2,240,317	1.52%
Non-Minority Males	2,651	85.88%	\$133,365,156	90.24%
<b>TOTAL</b>	<b>3,087</b>	<b>100.00%</b>	<b>\$147,793,555</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	2	0.06%	\$20,943	0.01%
African American Males	305	9.88%	\$10,982,870	7.43%
Asian American Females	0	0.00%	\$0	0.00%
Asian American Males	8	0.26%	\$508,800	0.34%
Hispanic American Females	0	0.00%	\$0	0.00%
Hispanic American Males	6	0.19%	\$664,553	0.45%
Native American Females	0	0.00%	\$0	0.00%
Native American Males	1	0.03%	\$10,915	0.01%
Caucasian Females	114	3.69%	\$2,240,317	1.52%
Non-Minority Males	2,651	85.88%	\$133,365,156	90.24%
<b>TOTAL</b>	<b>3,087</b>	<b>100.00%</b>	<b>\$147,793,555</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	2	0.06%	\$20,943	0.01%
Minority Males	320	10.37%	\$12,167,138	8.23%
Caucasian Females	114	3.69%	\$2,240,317	1.52%
Non-Minority Males	2,651	85.88%	\$133,365,156	90.24%
<b>TOTAL</b>	<b>3,087</b>	<b>100.00%</b>	<b>\$147,793,555</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	322	10.43%	\$12,188,081	8.25%
Caucasian Female Business Enterprises	114	3.69%	\$2,240,317	1.52%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>436</b>	<b>14.12%</b>	<b>\$14,428,399</b>	<b>9.76%</b>
Non-Minority Male Business Enterprises	2,651	85.88%	\$133,365,156	90.24%
<b>TOTAL</b>	<b>3,087</b>	<b>100.00%</b>	<b>\$147,793,555</b>	<b>100.00%</b>



## **G. Prime Contracts Under \$500,000, by Industry**

### **1. Construction Prime Contractor Utilization: Contracts Under \$500,000**

Table 2.18 summarizes all contract dollars expended by the City of St. Louis on construction prime contracts under \$500,000. Minority Business Enterprises received 4.29 percent of the construction prime contract dollars; Caucasian Female Business Enterprises received 6.83 percent; and Non-Minority Male Business Enterprises received 88.88 percent.

*African Americans* received 38, or 3.23 percent of the construction prime contracts under \$500,000 during the study period, representing \$1,948,379 or 4.21 percent of the prime contract dollars.

*Asian Americans* received none of the construction prime contracts under \$500,000 during the study period.

*Hispanic Americans* received two, or 0.17 percent of the construction prime contracts under \$500,000 during the study period, representing \$39,000 or 0.08 percent of the prime contract dollars.

*Native Americans* received none of the construction prime contracts under \$500,000 during the study period.

*Minority Business Enterprises* received 40, or 3.4 percent of the construction prime contracts under \$500,000 during the study period, representing \$1,987,379 or 4.29 percent of the prime contract dollars.

*Caucasian Female Business Enterprises* received 47, or 4 percent of the construction prime contracts under \$500,000 during the study period, representing \$3,161,102 or 6.83 percent of the prime contract dollars.

*Minority and Caucasian Female Business Enterprises* received 87, or 7.4 percent of the construction prime contracts under \$500,000 during the study period, representing \$5,148,481 or 11.12 percent of the prime contract dollars.

*Non-Minority Male Business Enterprises* received 1,089, or 92.6 percent of the construction prime contracts under \$500,000 during the study period, representing \$41,160,740 or 88.88 percent of the prime contract dollars.



**Table 2.18: Construction Prime Contractor Utilization:  
Contracts Under \$500,000, July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	38	3.23%	\$1,948,379	4.21%
Asian Americans	0	0.00%	\$0	0.00%
Hispanic Americans	2	0.17%	\$39,000	0.08%
Native Americans	0	0.00%	\$0	0.00%
Caucasian Females	47	4.00%	\$3,161,102	6.83%
Non-Minority Males	1,089	92.60%	\$41,160,740	88.88%
<b>TOTAL</b>	<b>1,176</b>	<b>100.00%</b>	<b>\$46,309,222</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	7	0.60%	\$354,585	0.77%
African American Males	31	2.64%	\$1,593,794	3.44%
Asian American Females	0	0.00%	\$0	0.00%
Asian American Males	0	0.00%	\$0	0.00%
Hispanic American Females	2	0.17%	\$39,000	0.08%
Hispanic American Males	0	0.00%	\$0	0.00%
Native American Females	0	0.00%	\$0	0.00%
Native American Males	0	0.00%	\$0	0.00%
Caucasian Females	47	4.00%	\$3,161,102	6.83%
Non-Minority Males	1,089	92.60%	\$41,160,740	88.88%
<b>TOTAL</b>	<b>1,176</b>	<b>100.00%</b>	<b>\$46,309,222</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	9	0.77%	\$393,585	0.85%
Minority Males	31	2.64%	\$1,593,794	3.44%
Caucasian Females	47	4.00%	\$3,161,102	6.83%
Non-Minority Males	1,089	92.60%	\$41,160,740	88.88%
<b>TOTAL</b>	<b>1,176</b>	<b>100.00%</b>	<b>\$46,309,222</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	40	3.40%	\$1,987,379	4.29%
Caucasian Female Business Enterprises	47	4.00%	\$3,161,102	6.83%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>87</b>	<b>7.40%</b>	<b>\$5,148,481</b>	<b>11.12%</b>
Non-Minority Male Business Enterprises	1,089	92.60%	\$41,160,740	88.88%
<b>TOTAL</b>	<b>1,176</b>	<b>100.00%</b>	<b>\$46,309,222</b>	<b>100.00%</b>



## 2. Professional Services Prime Contractor Utilization: Contracts Under \$500,000

Table 2.19 summarizes all contract dollars expended by the City of St. Louis on professional services prime contracts under \$500,000. Minority Business Enterprises received 8.81 percent of the professional services prime contract dollars; Caucasian Female Business Enterprises received 7.16 percent; and Non-Minority Male Business Enterprises received 84.03 percent.

*African Americans* received 58, or 6.24 percent of the professional services prime contracts under \$500,000 during the study period, representing \$2,445,780 or 6.08 percent of the prime contract dollars.

*Asian Americans* received 10, or 1.08 percent of the professional services prime contracts under \$500,000 during the study period, representing \$826,041 or 2.05 percent of the prime contract dollars.

*Hispanic Americans* received two, or 0.22 percent of the professional services prime contracts under \$500,000 during the study period, representing \$111,520 or 0.28 percent of the prime contract dollars.

*Native Americans* received three, or 0.32 percent of the professional services prime contracts under \$500,000 during the study period, representing \$161,519 or 0.4 percent of the prime contract dollars.

*Minority Business Enterprises* received 73, or 7.85 percent of the professional services prime contracts under \$500,000 during the study period, representing \$3,544,859 or 8.81 percent of the prime contract dollars.

*Caucasian Female Business Enterprises* received 89, or 9.57 percent of the professional services prime contracts under \$500,000 during the study period, representing \$2,879,307 or 7.16 percent of the prime contract dollars.

*Minority and Caucasian Female Business Enterprises* received 162, or 17.42 percent of the professional services prime contracts under \$500,000 during the study period, representing \$6,424,167 or 15.97 percent of the prime contract dollars.

*Non-Minority Male Business Enterprises* received 768, or 82.58 percent of the professional services prime contracts under \$500,000 during the study period, representing \$33,792,957 or 84.03 percent of the prime contract dollars.



**Table 2.19: Professional Services Prime Contractor Utilization:  
Contracts Under \$500,000, July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	58	6.24%	\$2,445,780	6.08%
Asian Americans	10	1.08%	\$826,041	2.05%
Hispanic Americans	2	0.22%	\$111,520	0.28%
Native Americans	3	0.32%	\$161,519	0.40%
Caucasian Females	89	9.57%	\$2,879,307	7.16%
Non-Minority Males	768	82.58%	\$33,792,957	84.03%
<b>TOTAL</b>	<b>930</b>	<b>100.00%</b>	<b>\$40,217,123</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	26	2.80%	\$1,044,546	2.60%
African American Males	32	3.44%	\$1,401,234	3.48%
Asian American Females	1	0.11%	\$5,000	0.01%
Asian American Males	9	0.97%	\$821,041	2.04%
Hispanic American Females	0	0.00%	\$0	0.00%
Hispanic American Males	2	0.22%	\$111,520	0.28%
Native American Females	3	0.32%	\$161,519	0.40%
Native American Males	0	0.00%	\$0	0.00%
Caucasian Females	89	9.57%	\$2,879,307	7.16%
Non-Minority Males	768	82.58%	\$33,792,957	84.03%
<b>TOTAL</b>	<b>930</b>	<b>100.00%</b>	<b>\$40,217,123</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	30	3.23%	\$1,211,065	3.01%
Minority Males	43	4.62%	\$2,333,795	5.80%
Caucasian Females	89	9.57%	\$2,879,307	7.16%
Non-Minority Males	768	82.58%	\$33,792,957	84.03%
<b>TOTAL</b>	<b>930</b>	<b>100.00%</b>	<b>\$40,217,123</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	73	7.85%	\$3,544,859	8.81%
Caucasian Female Business Enterprises	89	9.57%	\$2,879,307	7.16%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>162</b>	<b>17.42%</b>	<b>\$6,424,167</b>	<b>15.97%</b>
Non-Minority Male Business Enterprises	768	82.58%	\$33,792,957	84.03%
<b>TOTAL</b>	<b>930</b>	<b>100.00%</b>	<b>\$40,217,123</b>	<b>100.00%</b>



### 3. Goods and Other Services Prime Contractor Utilization: Contracts Under \$500,000.

Table 2.20 summarizes all contract dollars expended by the City of St. Louis on goods and other services prime contracts under \$500,000. Minority Business Enterprises received 9.3 percent of the goods and other services prime contract dollars; Caucasian Female Business Enterprises received 2.5 percent; and Non-Minority Male Business Enterprises received 88.21 percent.

*African Americans* received 304, or 9.97 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$7,153,444 or 7.98 percent of the prime contract dollars.

*Asian Americans* received eight, or 0.26 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$508,800 or 0.57 percent of the prime contract dollars.

*Hispanic Americans* received six, or 0.2 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$664,553 or 0.74 percent of the prime contract dollars.

*Native Americans* received one, or 0.03 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$10,915 or 0.01 percent of the prime contract dollars.

*Minority Business Enterprises* received 319, or 10.47 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$8,337,711 or 9.3 percent of the prime contract dollars.

*Caucasian Female Business Enterprises* received 114, or 3.74 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$2,240,317 or 2.5 percent of the prime contract dollars.

*Minority and Caucasian Female Business Enterprises* received 433, or 14.21 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$10,578,029 or 11.79 percent of the prime contract dollars.

*Non-Minority Male Business Enterprises* received 2,615, or 85.79 percent of the goods and other services prime contracts under \$500,000 during the study period, representing \$79,120,255 or 88.21 percent of the prime contract dollars.



**Table 2.20: Goods and Other Services Prime Contractor Utilization:  
Contracts Under \$500,000, July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	304	9.97%	\$7,153,444	7.98%
Asian Americans	8	0.26%	\$508,800	0.57%
Hispanic Americans	6	0.20%	\$664,553	0.74%
Native Americans	1	0.03%	\$10,915	0.01%
Caucasian Females	114	3.74%	\$2,240,317	2.50%
Non-Minority Males	2,615	85.79%	\$79,120,255	88.21%
<b>TOTAL</b>	<b>3,048</b>	<b>100.00%</b>	<b>\$89,698,284</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	2	0.07%	\$20,943	0.02%
African American Males	302	9.91%	\$7,132,501	7.95%
Asian American Females	0	0.00%	\$0	0.00%
Asian American Males	8	0.26%	\$508,800	0.57%
Hispanic American Females	0	0.00%	\$0	0.00%
Hispanic American Males	6	0.20%	\$664,553	0.74%
Native American Females	0	0.00%	\$0	0.00%
Native American Males	1	0.03%	\$10,915	0.01%
Caucasian Females	114	3.74%	\$2,240,317	2.50%
Non-Minority Males	2,615	85.79%	\$79,120,255	88.21%
<b>TOTAL</b>	<b>3,048</b>	<b>100.00%</b>	<b>\$89,698,284</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	2	0.07%	\$20,943	0.02%
Minority Males	317	10.40%	\$8,316,768	9.27%
Caucasian Females	114	3.74%	\$2,240,317	2.50%
Non-Minority Males	2,615	85.79%	\$79,120,255	88.21%
<b>TOTAL</b>	<b>3,048</b>	<b>100.00%</b>	<b>\$89,698,284</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	319	10.47%	\$8,337,711	9.30%
Caucasian Female Business Enterprises	114	3.74%	\$2,240,317	2.50%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>433</b>	<b>14.21%</b>	<b>\$10,578,029</b>	<b>11.79%</b>
Non-Minority Male Business Enterprises	2,615	85.79%	\$79,120,255	88.21%
<b>TOTAL</b>	<b>3,048</b>	<b>100.00%</b>	<b>\$89,698,284</b>	<b>100.00%</b>



## ***V. SUMMARY***

The City of St. Louis' prime contractor utilization analysis examined \$473,656,645 expended on prime contracts awarded from July 1, 2007 to June 30, 2012. The \$473,656,645 the City expended on prime contracts included \$256,398,463 for construction, \$69,464,627 for professional services, and \$147,793,555 for goods and other services. A total of 5,292 contracts were analyzed, which included 1,256 for construction, 949 for professional services, and 3,087 for goods and other services.

The analysis of prime contracts was performed at two dollar thresholds for the three industries. The thresholds included all contracts, and contracts valued under \$500,000. *Chapter 6: Prime Contract Disparity Analysis* presents the statistical analysis of disparity in each of the three industries at the two dollar thresholds.



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# **CHAPTER 3: SUBCONTRACTOR UTILIZATION ANALYSIS**

## **I. INTRODUCTION**

As discussed in *Chapter 2: Prime Contractor Utilization Analysis*, a disparity study, as required under *Croscon*, documents Minority and Woman Business Enterprises', hereafter referred to as Minority and Caucasian Female Business Enterprises (M/WBEs), contracting history in the market area. The objective of this chapter is to determine the level of M/WBE subcontractor utilization by ethnicity and gender compared to Non-Minority Male subcontractor utilization. A finding of statistically significant disparity is required to implement a race-conscious M/WBE subcontracting program.

In this Disparity Study (Study), the subcontracts issued by the City of St. Louis's (City's) prime contractors during the July 1, 2010 to June 30, 2012 study period were analyzed.

## **II. DATA SOURCES**

The City departments provided comprehensive records of the subcontracts awarded by their construction prime contractors. However the information available on the subcontracts awarded by the professional service (which included architecture and engineering) prime consultants was not as comprehensive. The subcontract data for these industries had to be reconstructed by reviewing hardcopy documents in the City's project and contract files. City Managers also contacted prime consultants in an effort to encourage them to provide data on their subconsultants, suppliers, and vendors for their large professional services prime contracts.

The reconstructed records for professional services did not contain sufficient records to perform a statistical analysis. Therefore, the subcontractor analysis of utilization is limited to construction only.



### **III. SUBCONTRACTOR UTILIZATION**

#### **A. Construction Subcontracts**

As depicted in Table 3.01 below, 990 construction subcontracts were analyzed for the July 1, 2010 to June 30, 2012 study period representing \$117,944,621 total construction subcontract dollars.

**Table 3.01: Total Subcontracts Awarded and Dollars Expended,  
July 1, 2010 and June 30, 2012**

<b>Industry</b>	<b>Total Number of Subcontracts</b>	<b>Total Amount Expended</b>
Construction	990	\$117,944,621



Table 3.02 depicts the construction subcontracts awarded by the City's prime contractors. Minority Business Enterprises received 12.64 percent of the construction subcontract dollars; Caucasian Female Business Enterprises received 7.71 percent; and Non-Minority Male Business Enterprises received 79.65 percent.

*African Americans* received 125 or 12.63 percent of the construction subcontracts during the study period, representing \$14,793,430 or 12.54 percent of the subcontract dollars.

*Asian Americans* received two or 0.2 percent of the construction subcontracts during the study period, representing \$12,169 or 0.01 percent of the subcontract dollars.

*Hispanic Americans* received three or 0.3 percent of the construction subcontracts during the study period, representing \$83,753 or 0.07 percent of the subcontract dollars.

*Native Americans* received one or 0.1 percent of the construction subcontracts during the study period, representing \$19,070 or 0.02 percent of the subcontract dollars.

*Minority Business Enterprises* received 131 or 13.23 percent of the construction subcontracts during the study period, representing \$14,908,421 or 12.64 percent of the subcontract dollars.

*Caucasian Female Business Enterprises* received 127 or 12.83 percent of the construction subcontracts during the study period, representing \$9,095,723 or 7.71 percent of the subcontract dollars.

*Minority and Caucasian Female Business Enterprises* received 258 or 26.06 percent of the construction subcontracts during the study period, representing \$24,004,145 or 20.35 percent of the subcontract dollars.

*Non-Minority Male Business Enterprises* received 732 or 73.94 percent of the construction subcontracts during the study period, representing \$93,940,477 or 79.65 percent of the subcontract dollars.



**Table 3.02: Construction Subcontractor Utilization,  
July 1, 2010 through June 30, 2012**

<b>Ethnicity</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African Americans	125	12.63%	\$ 14,793,430	12.54%
Asian Americans	2	0.20%	\$ 12,169	0.01%
Hispanic Americans	3	0.30%	\$ 83,753	0.07%
Native Americans	1	0.10%	\$ 19,070	0.02%
Caucasian Females	127	12.83%	\$ 9,095,723	7.71%
Non-Minority Males	732	73.94%	\$ 93,940,477	79.65%
<b>TOTAL</b>	<b>990</b>	<b>100.00%</b>	<b>\$ 117,944,621</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
African American Females	15	1.52%	\$ 1,984,243	1.68%
African American Males	110	11.11%	\$ 12,809,187	10.86%
Asian American Females	1	0.10%	\$ 6,669	0.01%
Asian American Males	1	0.10%	\$ 5,500	0.00%
Hispanic American Females	0	0.00%	\$ -	0.00%
Hispanic American Males	3	0.30%	\$ 83,753	0.07%
Native American Females	0	0.00%	\$ -	0.00%
Native American Males	1	0.10%	\$ 19,070	0.02%
Caucasian Females	127	12.83%	\$ 9,095,723	7.71%
Non-Minority Males	732	73.94%	\$ 93,940,477	79.65%
<b>TOTAL</b>	<b>990</b>	<b>100.00%</b>	<b>\$ 117,944,621</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Females	16	1.62%	\$ 1,990,912	1.69%
Minority Males	115	11.62%	\$ 12,917,510	10.95%
Caucasian Females	127	12.83%	\$ 9,095,723	7.71%
Non-Minority Males	732	73.94%	\$ 93,940,477	79.65%
<b>TOTAL</b>	<b>990</b>	<b>100.00%</b>	<b>\$ 117,944,621</b>	<b>100.00%</b>
<b>Minority and Women</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>	<b>Amount of Dollars</b>	<b>Percent of Dollars</b>
Minority Business Enterprises	131	13.23%	\$ 14,908,422	12.64%
Caucasian Female Business Enterprises	127	12.83%	\$ 9,095,723	7.71%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>258</b>	<b>26.06%</b>	<b>\$ 24,004,145</b>	<b>20.35%</b>
Non-Minority Male Business Enterprises	732	73.94%	\$ 93,940,477	79.65%
<b>TOTAL</b>	<b>990</b>	<b>100.00%</b>	<b>\$ 117,944,621</b>	<b>100.00%</b>



## **IV. SUMMARY**

The City's subcontractor utilization analysis is limited to the construction industry. This analysis examined \$117,944,621 expended on 990 construction subcontracts awarded from July 1, 2010 to June 30, 2012.<sup>1</sup>

**Table 3.03: Construction Subcontractor Utilization,  
July 1, 2010 through June 30, 2012**

<b>Industry</b>	<b>Total Number of Subcontracts</b>	<b>Total Amount Expended</b>
Construction	990	\$117,944,621



<sup>1</sup> The reconstructed records for professional services did not contain sufficient records to perform a statistical analysis.

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# **CHAPTER 4: 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.*<sup>1</sup> held that programs established by local governments to set goals for the participation of minority businesses must be supported by evidence of past discrimination in the award of contracts. Prior to the *Croson* decision, local agencies could implement race-conscious programs without developing a detailed public record to document the underutilization of Minority Business Enterprises (MBEs) in the award of contracts. Instead, local agencies relied on widely recognized societal patterns of discrimination.<sup>2</sup>

*Croson* established that a local government could not rely on society-wide discrimination as the basis for a race-based program. Instead, a local government was required to identify discrimination within its own contracting jurisdiction.<sup>3</sup> In *Croson*, the Court found the City of Richmond's MBE construction program to be unconstitutional because there was insufficient evidence of discrimination in the local construction market.

*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. However, it is informative to review the Court's definition of the City of Richmond's market area. In discussing the geographic parameters of the constitutional violation that must be investigated, the Court

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

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

<sup>3</sup> *Croson*, 488 U.S. at 497 (1989).



interchangeably used the terms “relevant market,” “Richmond construction industry,”<sup>4</sup> and “city’s construction industry.”<sup>5</sup> Thus, these terms were used to define the proper scope for examining the existence of discrimination within the City. This interchangeable use of terms lends support to a definition of market area that coincides with the boundaries of a contracting jurisdiction.

An analysis of the cases following *Croson* reveals a pattern that provides additional guidance for defining the market area. The body of cases examining *reasonable* market area definition is *fact-based*—rather than dictated by a specific formula.<sup>6</sup> In *Cone Corporation v. Hillsborough County*,<sup>7</sup> the Eleventh Circuit Court of Appeals considered a study in support of Florida’s Hillsborough County MBE program, which used 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 MBE 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.”<sup>8</sup>

Similarly, in *Associated General Contractors v. Coalition for Economic Equity (AGCC II)*,<sup>9</sup> 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.<sup>10</sup>

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.”<sup>11</sup> In support of its MBE program, King County offered studies compiled by other jurisdictions, including entities completely

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<sup>4</sup> *Croson*, 488 U.S. at 500 (1989).

<sup>5</sup> *Croson*, 488 U.S. at 470.

<sup>6</sup> *See, e.g., Concrete Works of Colo. v. Denver*, 36 F.3d 1513, 1528 (10th Cir. 1994).

<sup>7</sup> *Cone Co. v. Hillsborough Cnty.*, 908 F.2d 908 (11th Cir. 1990).

<sup>8</sup> *Id.* at 915.

<sup>9</sup> *Associated Gen. Contractors of Cal. v. Coal. for Econ. Equity & San Francisco*, 950 F.2d 1401 (9th Cir. 1991).

<sup>10</sup> *Id.* at 1415.

<sup>11</sup> *Coral Construction Co. v. King Cnty.*, 941 F.2d 910 (9th Cir. 1991), *cert. denied*, 112 S.Ct. 875 (1992).



within the County or coterminous with the boundaries of the County, as well as a separate jurisdiction completely outside 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 were relevant to discrimination in the County. In addition, the court found that the data posed no risk of unfairly burdening innocent third parties.

The court concluded that data gathered by a neighboring county 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.<sup>12</sup>

However, the court did note that the “world of contracting does not conform itself neatly to jurisdictional boundaries.”<sup>13</sup>

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 County of Denver*,<sup>14</sup> the Tenth Circuit Court of Appeals directly addressed the issue of whether extra-jurisdictional evidence of discrimination can be used to determine the “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 United States Constitution prohibited consideration of evidence beyond jurisdictional boundaries. The appellate court disagreed.

Critical to the court's acceptance of the Denver Metropolitan Statistical Area (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 United States Census data, which was available for the Denver MSA, but not for the city itself. There was no undue burden placed on non-culpable parties, as Denver had conducted a majority of its



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<sup>12</sup> *Coral Construction*, 941 F.2d at 917.

<sup>13</sup> *Id.*

<sup>14</sup> *Concrete Works*, 36 F.3d 1513, 1528.

construction contracts within the area defined as the local market. Citing *AGCC II*,<sup>15</sup> the court noted:

[T]hat 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.<sup>16</sup>

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.<sup>17</sup>

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 business owners in the government's marketplace.<sup>18</sup> The courts have found that the government's market area can extend beyond its jurisdictional boundaries where there is evidence that a significant number of contracts were awarded to contractors within the broader geographic boundaries.

More than 75 percent of the contract dollars awarded by the City of St. Louis went to businesses located in City of St. Louis and St. Louis County. These findings are specific evidence that the contracting pattern of the City of St. Louis supports a market area that includes both the City of St. Louis and St. Louis County.

## **II. MARKET AREA ANALYSIS**

Although *Croson* and its progeny do not provide a bright line rule for the delineation of the local market area, taken collectively, the case law supports a broader definition of market area than the geographical boundaries of the government entity. Therefore, it is within the City of St. Louis and St. Louis County (City and County of St. Louis) that evidence of discrimination will be considered.

### **1. Summary of the Distribution of All Contracts Awarded**

City of St. Louis awarded 5,292 contracts valued at \$473,656,645 during the July 1, 2007 to June 30, 2012 study period. The distribution of all contracts awarded and dollars

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<sup>15</sup> *AGCC II*, 950 F.2d at 1401.

<sup>16</sup> *Concrete Works*, 36 F.3d at 1528 (10th Cir. 1994).

<sup>17</sup> *Opportunity Denied! New York State's Study*, 26 *Urban Lawyer* No. 3, Summer 1994.

<sup>18</sup> *Croson*, 488 U.S. at 501 (1989).



received by utilized businesses within and outside of the market area is depicted below in Table 4.01.

**Table 4.01: Distribution of All Contracts Awarded**

<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
City of St. Louis	\$219,167,471	46.27%	2016	38.10%
St. Louis County	\$156,459,011	33.03%	1674	31.63%
Jefferson County	\$28,395,266	5.99%	99	1.87%
State of Illinois	\$22,624,337	4.78%	469	8.86%
St. Charles County	\$7,918,458	1.67%	151	2.85%
State of Georgia	\$4,570,742	0.96%	23	0.43%
State of Texas	\$4,164,544	0.88%	89	1.68%
State of Indiana	\$3,866,294	0.82%	46	0.87%
State of Virginia	\$3,196,358	0.67%	46	0.87%
State of Kansas	\$2,913,178	0.62%	82	1.55%
State of New York	\$2,906,963	0.61%	33	0.62%
State of North Carolina	\$2,153,720	0.45%	33	0.62%
Franklin County	\$1,917,144	0.40%	34	0.64%
State of Ohio	\$1,835,296	0.39%	47	0.89%
State of Tennessee	\$1,262,046	0.27%	115	2.17%
State of Minnesota	\$1,151,528	0.24%	15	0.28%
State of Pennsylvania	\$1,146,944	0.24%	38	0.72%
State of Iowa	\$1,039,739	0.22%	36	0.68%
State of Utah	\$960,018	0.20%	15	0.28%
State of Maryland	\$863,845	0.18%	9	0.17%
State of California	\$749,869	0.16%	44	0.83%
Pulaski County	\$528,652	0.11%	30	0.57%
State of Florida	\$524,799	0.11%	18	0.34%
District of Columbia	\$458,967	0.10%	13	0.25%
State of Nebraska	\$350,686	0.07%	2	0.04%
State of Connecticut	\$309,386	0.07%	2	0.04%
Ste. Genevieve County	\$284,842	0.06%	4	0.08%
State of Massachusetts	\$258,477	0.05%	15	0.28%
State of Colorado	\$181,893	0.04%	10	0.19%
State of Wisconsin	\$180,910	0.04%	5	0.09%
State of New Jersey	\$132,404	0.03%	12	0.23%
State of Oklahoma	\$130,935	0.03%	2	0.04%
Cole County	\$113,750	0.02%	7	0.13%
State of Maine	\$104,377	0.02%	9	0.17%
Jackson County	\$87,623	0.02%	5	0.09%
Dominion of Canada	\$70,060	0.01%	3	0.06%
Kingdom of Belgium	\$68,875	0.01%	5	0.09%
Lincoln County	\$68,278	0.01%	2	0.04%
State of Washington	\$63,742	0.01%	2	0.04%
State of Delaware	\$61,195	0.01%	2	0.04%



<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
Cass County	\$60,736	0.01%	1	0.02%
State of Kentucky	\$49,560	0.01%	6	0.11%
Buchanan County	\$41,816	0.01%	2	0.04%
State of Nevada	\$41,265	0.01%	3	0.06%
State of Michigan	\$31,806	0.01%	1	0.02%
State of Louisiana	\$24,188	0.01%	3	0.06%
Clay County	\$24,001	0.01%	2	0.04%
State of Arkansas	\$23,175	0.00%	1	0.02%
Warren County	\$21,619	0.00%	1	0.02%
State of Montana	\$17,752	0.00%	3	0.06%
State of Arizona	\$16,999	0.00%	1	0.02%
Polk County	\$15,626	0.00%	1	0.02%
State of South Carolina	\$13,347	0.00%	1	0.02%
State of Oregon	\$10,390	0.00%	1	0.02%
State of New Hampshire	\$10,099	0.00%	1	0.02%
Taney County	\$5,980	0.00%	1	0.02%
State of Alabama	\$5,667	0.00%	1	0.02%
<b>TOTAL</b>	<b>\$473,656,645</b>	<b>100.00%</b>	<b>5,292</b>	<b>100.00%</b>

## 2. Distribution of Construction Contracts

City of St. Louis awarded 1,256 construction contracts valued at \$256,398,463 during the study period. Businesses located in the City and County of St. Louis received 65.69 percent of the construction contracts and 85.57 percent of the construction dollars. The distribution of the construction contracts awarded and dollars received by utilized firms within and outside of the market area is depicted below in Table 4.02.

**Table 4.02: Distribution of Construction Contracts Awarded**

<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
City of St. Louis	\$117,281,170	45.74%	447	35.59%
St. Louis County	\$102,113,204	39.83%	378	30.10%
Jefferson County	\$19,359,541	7.55%	74	5.89%
State of Illinois	\$8,764,593	3.42%	259	20.62%
St. Charles County	\$4,668,934	1.82%	31	2.47%
Franklin County	\$1,911,228	0.75%	33	2.63%
State of Texas	\$932,205	0.36%	5	0.40%
State of Maryland	\$826,441	0.32%	4	0.32%
State of New York	\$237,341	0.09%	18	1.43%
State of California	\$118,959	0.05%	2	0.16%
State of Minnesota	\$71,575	0.03%	1	0.08%
Lincoln County	\$60,360	0.02%	1	0.08%
State of Massachusetts	\$22,900	0.01%	1	0.08%



<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
Warren County	\$21,619	0.01%	1	0.08%
State of Nebraska	\$8,392	0.00%	1	0.08%
<b>TOTAL</b>	<b>\$256,398,463</b>	<b>100.00%</b>	<b>1,256</b>	<b>100.00%</b>

### 3. Distribution of Professional Services Contracts

City of St. Louis awarded 949 professional services (which included architecture and engineering) contracts valued at \$69,464,627 during the study period. Businesses located in the City and County of St. Louis received 49.64 percent of the professional services contracts and 73.04 percent of the professional services dollars. The distribution of the professional services contracts awarded and dollars received by utilized businesses within and outside of the market area is depicted below in Table 4.03.

**Table 4.03: Distribution of Professional Services Contracts Awarded**

<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
City of St. Louis	\$34,575,012	49.77%	215	22.66%
St. Louis County	\$16,163,268	23.27%	256	26.98%
State of Illinois	\$3,979,496	5.73%	67	7.06%
State of Indiana	\$2,353,972	3.39%	19	2.00%
State of Texas	\$2,325,150	3.35%	46	4.85%
State of Kansas	\$2,268,630	3.27%	57	6.01%
State of Georgia	\$915,817	1.32%	5	0.53%
State of Pennsylvania	\$808,484	1.16%	23	2.42%
State of Tennessee	\$797,451	1.15%	99	10.43%
State of Utah	\$539,073	0.78%	9	0.95%
Pulaski County	\$528,652	0.76%	30	3.16%
St. Charles County	\$507,658	0.73%	20	2.11%
State of Virginia	\$501,438	0.72%	11	1.16%
State of Florida	\$482,392	0.69%	14	1.48%
District of Columbia	\$458,967	0.66%	13	1.37%
State of North Carolina	\$424,380	0.61%	3	0.32%
State of Nebraska	\$342,294	0.49%	1	0.11%
State of New York	\$332,159	0.48%	8	0.84%
State of California	\$230,142	0.33%	10	1.05%
State of Connecticut	\$209,628	0.30%	1	0.11%
State of Minnesota	\$135,791	0.20%	8	0.84%
Cole County	\$113,750	0.16%	7	0.74%



<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
Jefferson County	\$86,218	0.12%	3	0.32%
Kingdom of Belgium	\$68,875	0.10%	5	0.53%
State of Washington	\$55,149	0.08%	1	0.11%
Dominion of Canada	\$53,460	0.08%	2	0.21%
Jackson County	\$50,553	0.07%	2	0.21%
State of Kentucky	\$42,800	0.06%	5	0.53%
State of Iowa	\$35,770	0.05%	1	0.11%
State of Maryland	\$24,940	0.04%	4	0.42%
State of Massachusetts	\$16,060	0.02%	1	0.11%
State of Ohio	\$15,960	0.02%	1	0.11%
State of Wisconsin	\$11,139	0.02%	1	0.11%
State of New Hampshire	\$10,099	0.01%	1	0.11%
<b>TOTAL</b>	<b>\$69,464,627</b>	<b>100.00%</b>	<b>949</b>	<b>100.00%</b>

#### 4. Distribution of Goods and Other Services Contracts

City of St. Louis awarded 3,087 goods and other services contracts valued at \$147,793,555 during the study period. Businesses located in the City and County of St. Louis received 77.55 percent of the goods and other services contracts and 71.38 percent of the goods and other services dollars. The distribution of the goods and other services contracts awarded and dollars received by utilized businesses within and outside of the market area is depicted below in Table 4.04.

**Table 4.04: Distribution of Goods and Other Services Contracts Awarded**

<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
City of St. Louis	\$67,311,289	45.54%	1,354	43.86%
St. Louis County	\$38,182,540	25.84%	1,040	33.69%
State of Illinois	\$9,880,248	6.69%	143	4.63%
Jefferson County	\$8,949,506	6.06%	22	0.71%
State of Georgia	\$3,654,925	2.47%	18	0.58%
St. Charles County	\$2,741,866	1.86%	100	3.24%
State of Virginia	\$2,694,920	1.82%	35	1.13%
State of New York	\$2,337,463	1.58%	7	0.23%
State of Ohio	\$1,819,336	1.23%	46	1.49%
State of North Carolina	\$1,729,341	1.17%	30	0.97%
State of Indiana	\$1,512,322	1.02%	27	0.87%



<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
State of Iowa	\$1,003,969	0.68%	35	1.13%
State of Minnesota	\$944,161	0.64%	6	0.19%
State of Texas	\$907,189	0.61%	38	1.23%
State of Kansas	\$644,548	0.44%	25	0.81%
State of Tennessee	\$464,595	0.31%	16	0.52%
State of Utah	\$420,945	0.28%	6	0.19%
State of California	\$400,768	0.27%	32	1.04%
State of Pennsylvania	\$338,459	0.23%	15	0.49%
Ste. Genevieve County	\$284,842	0.19%	4	0.13%
State of Massachusetts	\$219,517	0.15%	13	0.42%
State of Colorado	\$181,893	0.12%	10	0.32%
State of Wisconsin	\$169,771	0.11%	4	0.13%
State of New Jersey	\$132,404	0.09%	12	0.39%
State of Oklahoma	\$130,935	0.09%	2	0.06%
State of Maine	\$104,377	0.07%	9	0.29%
State of Connecticut	\$99,758	0.07%	1	0.03%
State of Delaware	\$61,195	0.04%	2	0.06%
Cass County	\$60,736	0.04%	1	0.03%
State of Florida	\$42,406	0.03%	4	0.13%
Buchanan County	\$41,816	0.03%	2	0.06%
State of Nevada	\$41,265	0.03%	3	0.10%
Jackson County	\$37,070	0.03%	3	0.10%
State of Michigan	\$31,806	0.02%	1	0.03%
State of Louisiana	\$24,188	0.02%	3	0.10%
Clay County	\$24,001	0.02%	2	0.06%
State of Arkansas	\$23,175	0.02%	1	0.03%
State of Montana	\$17,752	0.01%	3	0.10%
State of Arizona	\$16,999	0.01%	1	0.03%
Dominion of Canada	\$16,600	0.01%	1	0.03%
Polk County	\$15,626	0.01%	1	0.03%
State of South Carolina	\$13,347	0.01%	1	0.03%
State of Maryland	\$12,464	0.01%	1	0.03%
State of Oregon	\$10,390	0.01%	1	0.03%
State of Washington	\$8,594	0.01%	1	0.03%
Lincoln County	\$7,918	0.01%	1	0.03%



<b>Geographic Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
State of Kentucky	\$6,760	0.00%	1	0.03%
Taney County	\$5,980	0.00%	1	0.03%
Franklin County	\$5,916	0.00%	1	0.03%
State of Alabama	\$5,667	0.00%	1	0.03%
<b>TOTAL</b>	<b>\$147,793,555</b>	<b>100.00%</b>	<b>3,087</b>	<b>100.00%</b>

### **III. CITY OF ST. LOUIS DISPARITY STUDY MARKET AREA**

During the study period, the City of St. Louis awarded 5,292 construction, professional services, and other goods and services contracts valued at \$473,656,645. The City of St. Louis awarded 69.73 percent of these contracts and 79.30 percent of these dollars to businesses located in the market area. The analysis of discrimination has been limited to an examination of contracts awarded to available market area businesses.

Table 4.05 below presents an overview of the number of construction, professional services, and other goods and services contracts the City of St. Louis awarded and the dollars spent, in the market area during the study period.

**Construction Contracts:** 825 or 65.69 percent of construction contracts were awarded to market area businesses. The dollar value of the construction contracts was \$219,394,374 or 85.57 percent of the total construction dollars.

**Professional Services Contracts:** 295 or 39.02 percent of these contracts were awarded to market area businesses. The dollar value of the professional service contracts was \$17,015,400 or 51.73 percent of the total professional services dollars.

**Goods and Other Services Contracts:** 2,394 or 77.55 percent of these contracts were awarded to market area businesses. The dollar value of the goods and other services contracts was \$105,493,828 or 71.38 percent of the total other goods and services dollars.

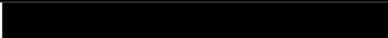


**Table 4.05: City of St. Louis Contract Distribution**

<b>Market Area</b>	<b>Total Dollars</b>	<b>Percent of Dollars</b>	<b>Number of Contracts</b>	<b>Percent of Contracts</b>
<b>Combined Industries</b>				
Market Area	\$375,626,481	79.30%	3,690	69.73%
Outside Market Area	\$98,030,163	20.70%	1,602	30.27%
<b>TOTAL:</b>	<b>\$473,656,645</b>	<b>100.00%</b>	<b>5,292</b>	<b>100.00%</b>
<b>Construction</b>				
Market Area	\$219,394,374	85.57%	825	65.68%
Outside Market Area	\$37,004,089	14.43%	431	34.32%
<b>TOTAL</b>	<b>\$256,398,463</b>	<b>100.00%</b>	<b>1,256</b>	<b>100.00%</b>
<b>Professional Services</b>				
Market Area	\$17,015,400	51.73%	295	39.02%
Outside Market Area	\$15,879,131	48.27%	461	60.98%
<b>TOTAL</b>	<b>\$32,894,531</b>	<b>100.00%</b>	<b>756</b>	<b>100.00%</b>
<b>Goods and Other Services</b>				
Market Area	\$105,493,828	71.38%	2,394	77.55%
Outside Market Area	\$42,299,727	28.62%	693	22.45%
<b>TOTAL</b>	<b>\$147,793,555</b>	<b>100.00%</b>	<b>3,087</b>	<b>100.00%</b>



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# **CHAPTER 5: PRIME AND SUBCONTRACTOR AVAILABILITY ANALYSIS**

## **I. INTRODUCTION**

Availability is defined, by *Croson*, as the number of qualified businesses in the jurisdiction’s market area that are willing and able to provide goods or services.<sup>1</sup> To determine availability, ready, willing, and able Minority and Women Business Enterprises (hereinafter referred to as Minority and Caucasian Female Business Enterprises) (M/WBEs) and Non-Minority Males (non-M/WBEs) within the jurisdiction’s market area must be enumerated. The market area for the three industries—construction, professional services which included architecture and engineering (hereinafter referred to as professional services), and goods and other services, as defined in *Chapter 4: Market Area Analysis* is the City of St. Louis (City) and St. Louis County.

When considering sources for determining the number of willing and able M/WBEs and non-M/WBEs in the market area, the selection must be based on whether two aspects about the population in question can be gauged from the sources. One consideration is a business’s interest in working with the jurisdiction, as implied by the term “willing,” and the other is its ability or capacity to provide a service or good, as implied by the term “able.”

## **II. PRIME CONTRACTOR AVAILABILITY DATA SOURCES**

### **A. Identification of Willing Businesses within the Market Area**

Mason Tillman used four types of sources to identify businesses in the market area that provide the goods and services that the City procures. One source was City of St. Louis’ records, including utilized vendors and bidders lists. The second source was government certification directories. The third source was business community meetings, which were conducted in September 2013. The fourth source was business and trade association

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



membership lists. Only businesses determined to be willing were added to the availability database. Any business identified as “willing” from more than one source was counted only once in an industry. A business that was willing to provide goods or services in more than one industry was listed uniquely in each relevant industry.

The four sources were ranked with the highest rank assigned to the utilized businesses, bidders, and vendors. Government certification directories ranked second, business community meeting attendance lists ranked third, and business and trade association directories were ranked fourth. The businesses identified from the latter two sources were surveyed by telephone to confirm their willingness and capacity to contract with the City. Only businesses who confirmed their willingness were counted in the enumeration of available businesses.

Extensive targeted outreach to business and trade associations in the market area was performed to identify and secure business membership lists. The outreach garnered a number of membership lists.

**B. Prime Contractor Sources**

Table 5.01 lists the sources from which the list of willing and able businesses was compiled.

**Table 5.01: Prime Contractor Availability Data Sources**

Source	Type of Information
<b>City of St. Louis Records</b>	
City of St. Louis’ Utilized Prime Contractors	M/WBEs and non-M/WBEs
City of St. Louis’ Utilized Subcontractors	M/WBEs and non-M/WBEs
City of St. Louis’ Vendor Lists	M/WBEs and non-M/WBEs
<b>Government Certification Directories</b>	
City of St Louis DBE Program Office Certified MWBE List	DBEs and M/WBEs
MODOT MRCC DBE Directory	DBEs
ProNet-8a Program-Saint Louis City	M/WBEs and non-M/WBEs
ProNet-8a Program-Saint Louis County	M/WBEs and non-M/WBEs
ProNet-Central Contractor Registration-Saint Louis City	DBEs
ProNet- Central Contractor Registration -Saint Louis County	DBEs
ProNet-Historically Underrepresented Businesses-Saint Louis City	M/WBEs



Source	Type of Information
ProNet-Small Business Association-Saint Louis City	M/WBEs and non-M/WBEs
ProNet- Small Business Association-Saint Louis County	M/WBEs and non-M/WBEs
ProNet-Small Disadvantaged Business-Saint Louis City	M/WBEs and DBEs
ProNet-Small Disadvantaged Business-Saint Louis County	M/WBEs and DBEs
St. Louis Minority Supplier Development Council	MBEs
State of Missouri MWBE Vendors St. Louis	M/WBEs
City of St. Louis MWBE Directory	M/WBEs
<b>Business and Trade Associations Membership Lists</b>	
American Council of Engineering Companies of Missouri Membership Directory	M/WBEs and non-M/WBEs
Air and Waste Management-Local and International Members	M/WBEs and non-M/WBEs
American Society of Civil Engineers-St. Louis Section Membership Directory	M/WBEs and non-M/WBEs
Bricklayers Local 1 Membership Directory	M/WBEs and non-M/WBEs
Cement Mason Local 527 Membership Directory	M/WBEs and non-M/WBEs
Directory - AGC of Missouri Members	M/WBEs and non-M/WBEs
Flooring Industry Council of Greater St. Louis Membership List	M/WBEs and non-M/WBEs
Hispanic Chamber of Commerce of Metropolitan St. Louis Membership List	MBEs
International Brotherhood of Electrical Workers-Electrical Contractors Membership Director	M/WBEs and non-M/WBEs
International Right of Way Membership Directory	M/WBEs and non-M/WBEs
Lemay Chamber of Commerce Membership Directory	M/WBEs and non-M/WBEs
Mechanical Contractors Association of St. Louis Membership Directory	M/WBEs and non-M/WBEs
Missouri Association of Plumbing-Heating-Cooling-Contractors Membership Directory	M/WBEs and non-M/WBEs
National Association of Women Business Owners Membership Directory	WBEs
National Electrical Contractors Association Membership Directory	M/WBEs and non-M/WBEs
O'Fallon Chamber of Commerce Membership Directory	M/WBEs and non-M/WBEs



Source	Type of Information
Painters District Council 2 List Membership Directory	M/WBEs and non-M/WBEs
Plumbers and Pipefitters Membership Directory	M/WBEs and non-M/WBEs
Plumbing Industry Council Contractor Membership Directory	M/WBEs and non-M/WBEs
Sheet Metal Workers Local 36 Membership Directory	M/WBEs
Site Improvement Association of St. Louis Membership Directory	M/WBEs and non-M/WBEs
St. Louis Regional Chamber and Growth Association Membership Directory	M/WBEs and non-M/WBEs

**C. Determination of Willingness**

All businesses included in the availability analysis were determined to be willing to contract with the City. “Willingness” is defined in *Croson* and its progeny as a business’ interest in doing government contracting. To be classified as willing, the business either bid on a government contract, secured government certification, or was listed on a business organization’s membership list and affirmed an interest in contracting with the City through the willingness survey. Businesses identified from the sources listed in Table 5.01 demonstrated their willingness to perform on public contracts.

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

Table 5.02 through Table 5.05 present the distribution of willing prime contractors by source. The highest ranked source was the prime contractors utilized by the City. Each ranked business is *counted only once*. For example, a utilized prime contractor counted in the prime contractor utilization source was not counted a second time as a bidder, certified business, or company identified from a business association list.

As noted in Table 5.02, 86.94 percent of the businesses on the unique list of available prime contractors were obtained from the City and other government agencies’ records, and government certification lists. Willing businesses identified through the business and trade associations membership lists and the business community meetings represent 13.06 percent of the available businesses.



**Table 5.02: Distribution of Prime Contractor Availability Data Sources, All Industries**

Availability Sources	M/WBEs Percentage	Non M/WBEs Percentage	Availability Source Percentage
Utilized Prime Contractors	17.75%	71.00%	52.01%
Pre-Qualified Firms	2.73%	4.54%	3.89%
Government Certification Agencies	74.74%	6.81%	31.03%
<b>Subtotal</b>	<b>95.22%</b>	<b>82.34%</b>	<b>86.94%</b>
Business Community Meetings	0.57%	0.13%	0.28%
Willingness Survey	4.21%	17.53%	12.78%
<b>Subtotal</b>	<b>4.78%</b>	<b>17.66%</b>	<b>13.06%</b>
<b>Grand Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

A distribution of available businesses by source also was calculated for each industry. As noted in Table 5.03, 80.51 percent of the construction businesses identified were derived from City’s records, other government agencies’ records, and government certification lists. Companies identified through the business and trade associations membership lists and the business community meetings represent 19.49 percent of the willing businesses.

**Table 5.03: Distribution of Prime Contractor Availability Data Sources, Construction**

Availability Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Availability Source Percentage
Utilized Prime Contractors	14.78%	48.36%	34.01%
Pre-Qualified Firms	3.14%	9.62%	6.85%
Government Certification Agencies	77.04%	11.74%	39.65%
<b>Subtotal</b>	<b>94.97%</b>	<b>69.72%</b>	<b>80.51%</b>
Business Community Meetings	0.31%	0.47%	0.40%
Willingness Survey	4.72%	29.81%	19.09%
<b>Subtotal</b>	<b>5.03%</b>	<b>30.28%</b>	<b>19.49%</b>
<b>Grand Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

Table 5.04 depicts the data sources for the available professional services prime contractors. As noted, 85.95 percent of the professional services businesses identified were derived from the City’s and other government agencies’ records, and government certification lists. Companies identified through the business and trade associations membership lists and the business community meetings represent 14.05 percent of the willing businesses.



**Table 5.04: Distribution of Prime Contractor Availability Data Sources, Professional Services**

Availability Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Availability Source Percentage
Utilized Prime Contractors	12.50%	52.35%	30.81%
Pre-Qualified Firms	4.00%	9.41%	6.49%
Government Certification Agencies	79.25%	12.65%	48.65%
<b>Subtotal</b>	<b>95.75%</b>	<b>74.41%</b>	<b>85.95%</b>
Business Community Meetings	0.50%	0.00%	0.27%
Willingness Survey	3.75%	25.59%	13.78%
<b>Subtotal</b>	<b>4.25%</b>	<b>25.59%</b>	<b>14.05%</b>
<b>Grand Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

Table 5.05 depicts the data sources for the available goods and other services prime contractors. As noted, 93.48 percent of the goods and other services businesses identified were derived from the City’s and other government agencies’ records, and government certification lists. Companies identified through the business and trade associations membership lists and the business community meetings represent 6.52 percent of the willing businesses.

**Table 5.05: Distribution of Prime Contractor Availability Data Sources, Goods and Other Services**

Availability Sources	M/WBEs Percentage	Non-M/WBEs Percentage	Availability Source Percentage
Prime Contractor Utilization	31.63%	88.24%	74.50%
Pre-Qualified Firms	1.02%	0.33%	0.50%
Certification Lists	64.29%	3.81%	18.48%
<b>Subtotal</b>	<b>96.94%</b>	<b>92.37%</b>	<b>93.48%</b>
Business Community Meetings	0.68%	0.00%	0.17%
Willingness Survey	2.38%	7.63%	6.35%
<b>Subtotal</b>	<b>3.06%</b>	<b>7.63%</b>	<b>6.52%</b>
<b>Grand Total*</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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



### **III. CAPACITY**

The second component of the availability requirement set forth in *Croson* is the capacity or ability of a business to perform the contracts the jurisdiction awards.<sup>2</sup> However, capacity requirements are not delineated in *Croson*. In those cases where capacity has been considered the matter has involved large, competitively bid construction prime contracts. Nevertheless the capacity of willing market area businesses to contract with the City was assessed, two measures were used:

- The size of all prime contracts awarded by the City was analyzed to determine the capacity needed to perform the average contract.
- The largest contracts awarded to M/WBEs were identified to demonstrated ability to win large, competitively bid contracts.

#### **A. Size of Contracts Analyzed**

City of St. Louis' construction, professional services, and goods and other services contracts were analyzed to determine the average size of awarded contracts in order to gauge the capacity required to perform on the City's contracts.

For the size analysis, the City's contracts were grouped into eight dollar ranges.<sup>3</sup> Each industry was analyzed to determine the number and percentage of contracts that fell within the eight size categories. The size distribution of contracts awarded to Non-Minority Males was then compared to the size distribution of contracts awarded to Caucasian Females, Minority Females, and Minority Males.

##### **1. All Industries Contracts by Size**

Table 5.06 depicts all of the industry contracts awarded within the eight dollar ranges. Contracts valued at less than \$25,000 were 70.52 percent. Those less than \$50,000 were 82.37 percent. Those less than \$100,000 were 89.7 percent and those less than \$500,000 were 97.39 percent.

##### **2. Construction Contracts by Size**

Table 5.07 depicts the construction contracts awarded within the eight dollar ranges. Contracts valued at less than \$25,000 were 68.39 percent. Those less than \$50,000 were 78.98 percent. Those less than \$100,000 were 84.79 percent and those less than \$500,000 were 93.63 percent.

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<sup>2</sup> *Croson*, 488 U.S. 469.

<sup>3</sup> The eight dollar ranges are \$1 to \$25,000; \$25,001 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.



### **3. Professional Services Contracts by Size**

Table 5.08 depicts professional services contracts within the eight dollar ranges. Contracts valued at less than \$25,000 were 62.7 percent. Those less than \$50,000 were 76.4 percent. Those less than \$100,000 were 85.25 percent and those less than \$500,000 were 98 percent.

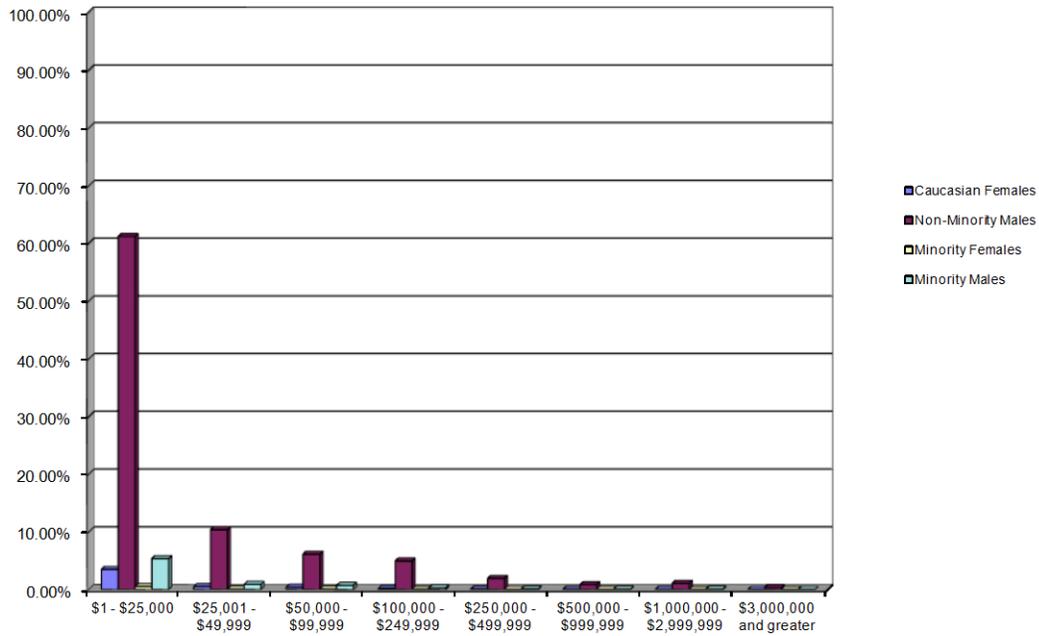
### **4. Goods and Other Services Contracts by Size**

Table 5.09 depicts goods and other services contracts within the eight dollar ranges. Contracts valued at less than \$25,000 were 73.79 percent. Those less than \$50,000 were 85.58 percent. Those less than \$100,000 were 93.07 percent and those less than \$500,000 were 98.74 percent.



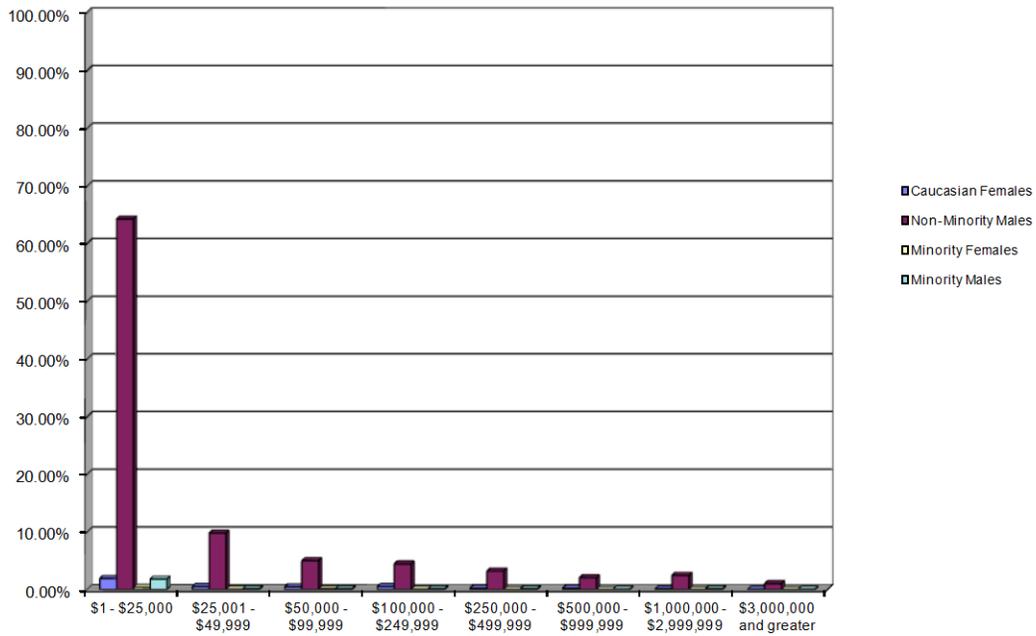
**Table 5.06: All Industry Contracts by Size,  
July 1, 2007 to June 30, 2012**

Size	Non-Minority				Minority				Total	
	Females		Males		Females		Males			
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent
\$1 - \$25,000	184	3.48%	3,237	61.17%	28	0.53%	283	5.35%	3,732	70.52%
\$25,001 - \$49,999	28	0.53%	548	10.36%	4	0.08%	47	0.89%	627	11.85%
\$50,000 - \$99,999	21	0.40%	323	6.10%	5	0.09%	39	0.74%	388	7.33%
\$100,000 - \$249,999	11	0.21%	262	4.95%	3	0.06%	16	0.30%	292	5.52%
\$250,000 - \$499,999	6	0.11%	102	1.93%	1	0.02%	6	0.11%	115	2.17%
\$500,000 - \$999,999	3	0.06%	45	0.85%	2	0.04%	4	0.08%	54	1.02%
\$1,000,000 - \$2,999,999	2	0.04%	57	1.08%	0	0.00%	4	0.08%	63	1.19%
\$3,000,000 and greater	1	0.02%	19	0.36%	0	0.00%	1	0.02%	21	0.40%
<b>Total</b>	<b>256</b>	<b>4.84%</b>	<b>4,593</b>	<b>86.79%</b>	<b>43</b>	<b>0.81%</b>	<b>400</b>	<b>7.56%</b>	<b>5,292</b>	<b>100.00%</b>



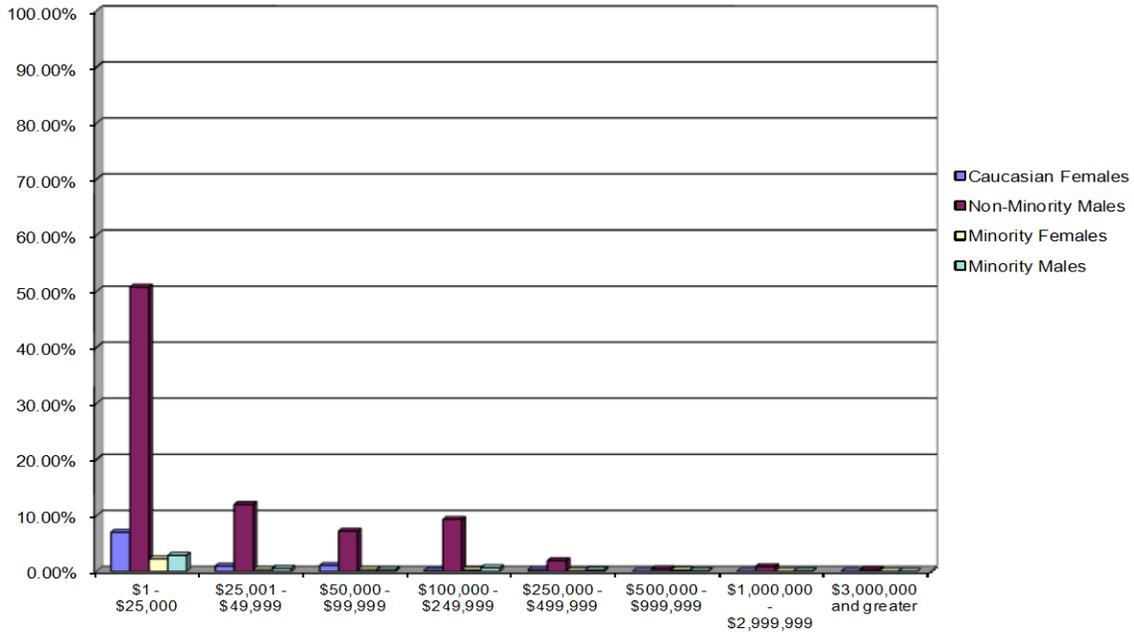
**Table 5.07: Construction Contracts by Size,  
July 1, 2007 to June 30, 2012**

Size	Non-Minority				Minority				Total	
	Females		Males		Females		Males		Freq	Percent
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent		
\$1 - \$25,000	24	1.91%	807	64.25%	5	0.40%	23	1.83%	859	68.39%
\$25,001 - \$49,999	7	0.56%	123	9.79%	1	0.08%	2	0.16%	133	10.59%
\$50,000 - \$99,999	6	0.48%	63	5.02%	2	0.16%	2	0.16%	73	5.81%
\$100,000 - \$249,999	7	0.56%	56	4.46%	1	0.08%	2	0.16%	66	5.25%
\$250,000 - \$499,999	3	0.24%	40	3.18%	0	0.00%	2	0.16%	45	3.58%
\$500,000 - \$999,999	3	0.24%	26	2.07%	0	0.00%	1	0.08%	30	2.39%
\$1,000,000 - \$2,999,999	2	0.16%	31	2.47%	0	0.00%	2	0.16%	35	2.79%
\$3,000,000 and greater	1	0.08%	13	1.04%	0	0.00%	1	0.08%	15	1.19%
<b>Total</b>	<b>53</b>	<b>4.22%</b>	<b>1,159</b>	<b>92.28%</b>	<b>9</b>	<b>0.72%</b>	<b>35</b>	<b>2.79%</b>	<b>1,256</b>	<b>100.00%</b>



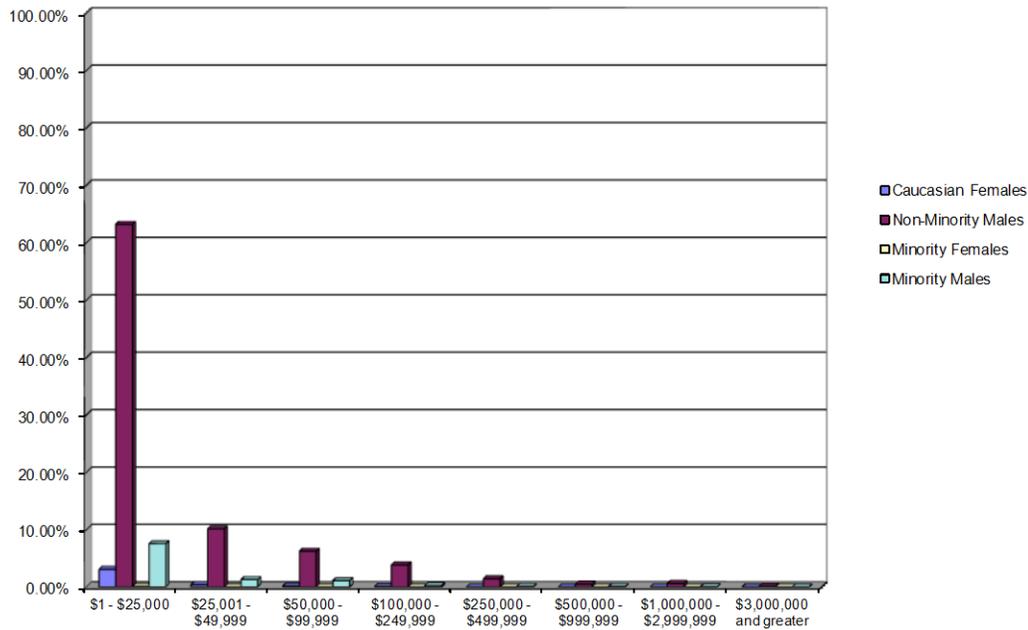
**Table 5.08: Professional Services Contracts by Size,  
July 1, 2007 to June 30, 2012**

Size	Non-Minority				Minority				Total	
	Females		Males		Females		Males		Total	
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent
\$1 - \$25,000	66	6.95%	481	50.68%	21	2.21%	27	2.85%	595	62.70%
\$25,001 - \$49,999	9	0.95%	113	11.91%	3	0.32%	5	0.53%	130	13.70%
\$50,000 - \$99,999	10	1.05%	68	7.17%	3	0.32%	3	0.32%	84	8.85%
\$100,000 - \$249,999	1	0.11%	88	9.27%	2	0.21%	6	0.63%	97	10.22%
\$250,000 - \$499,999	3	0.32%	18	1.90%	1	0.11%	2	0.21%	24	2.53%
\$500,000 - \$999,999	0	0.00%	4	0.42%	2	0.21%	1	0.11%	7	0.74%
\$1,000,000 - \$2,999,999	0	0.00%	8	0.84%	0	0.00%	1	0.11%	9	0.95%
\$3,000,000 and greater	0	0.00%	3	0.32%	0	0.00%	0	0.00%	3	0.32%
<b>Total</b>	<b>89</b>	<b>9.38%</b>	<b>783</b>	<b>82.51%</b>	<b>32</b>	<b>3.37%</b>	<b>45</b>	<b>4.74%</b>	<b>949</b>	<b>100.00%</b>



**Table 5.09: Goods and Other Services Contracts by Size,  
July 1, 2007 to June 30, 2012**

Size	Non-Minority				Minority				Total	
	Females		Males		Females		Males			
	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent	Freq	Percent
\$1 - \$25,000	94	3.05%	1,949	63.14%	2	0.06%	233	7.55%	2,278	73.79%
\$25,001 - \$49,999	12	0.39%	312	10.11%	0	0.00%	40	1.30%	364	11.79%
\$50,000 - \$99,999	5	0.16%	192	6.22%	0	0.00%	34	1.10%	231	7.48%
\$100,000 - \$249,999	3	0.10%	118	3.82%	0	0.00%	8	0.26%	129	4.18%
\$250,000 - \$499,999	0	0.00%	44	1.43%	0	0.00%	2	0.06%	46	1.49%
\$500,000 - \$999,999	0	0.00%	15	0.49%	0	0.00%	2	0.06%	17	0.55%
\$1,000,000 - \$2,999,999	0	0.00%	18	0.58%	0	0.00%	1	0.03%	19	0.62%
\$3,000,000 and greater	0	0.00%	3	0.10%	0	0.00%	0	0.00%	3	0.10%
<b>Total</b>	<b>114</b>	<b>3.69%</b>	<b>2,651</b>	<b>85.88%</b>	<b>2</b>	<b>0.06%</b>	<b>320</b>	<b>10.37%</b>	<b>3,087</b>	<b>100.00%</b>



**B. Largest M/WBE Contract Awarded by Industry**

The largest contracts awarded to M/WBEs were identified as a second measure of capacity to demonstrate their ability to win large, competitively bid contracts. The analysis revealed that M/WBEs were awarded large competitively bid contracts in each industry. The distribution of the largest contracts the City awarded to M/WBEs is depicted in Table 5.10. The utilization analysis shows that M/WBEs demonstrated the capacity to successfully compete for contracts as large as \$7,128,195 in construction, \$1,083,147 in professional services, and \$2,294,504 in goods and other services.

**Table 5.10: Largest M/WBE Contracts Awarded by City of St. Louis**

<b>Ethnic/Gender Group</b>	<b>Construction</b>	<b>Professional Services</b>	<b>Goods and Other Services</b>
African American Female	\$144,443	\$824,303	\$14,943
African American Male	\$7,128,195	\$1,083,147	\$2,294,504
Asian American Female		\$5,000	
Asian American Male			
Hispanic American Female	\$20,700		
Hispanic American Male		\$104,357	\$217,390
Native American Female		\$129,470	
Native American Male			\$10,915
Caucasian Female	\$3,299,002	\$359,411	\$142,847
<b>Largest Dollar Amounts MBEs</b>	<b>\$7,128,195</b>	<b>\$1,083,147</b>	<b>\$2,294,504</b>
<b>Largest Dollar Amounts WBEs</b>	<b>\$3,299,002</b>	<b>\$824,303</b>	<b>\$142,847</b>



## **IV. PRIME CONTRACTOR AVAILABILITY ANALYSIS**

The size of the City's contracts demonstrates that the majority of the contracts are small, requiring limited capacity to perform. Furthermore, the awards the City has made to M/WBEs demonstrate that the capacity of the available businesses is considerably greater than needed to bid on the majority of the contracts awarded in the three industries studied. Nevertheless, as noted in *Chapter 2: Prime Contractor Utilization Analysis*, the decision was made to limit the prime contracts subject to the disparity analysis to those under \$500,000.

The prime contractor availability findings for the City's market area are described below. Ethnic and gender groups are defined in Table 2.01 of *Chapter 2: Prime Contractor Utilization Analysis*.

### **A. All Industry Prime Contractor Availability**

The distribution of available prime contractors for all industries is summarized in Table 5.11 below.

*African Americans* account for 16.71 percent of all industry businesses in the market area.

*Asian Americans* account for 2.6 percent of all industry businesses in the market area.

*Hispanic Americans* account for 1.5 percent of all industry businesses in the market area.

*Native Americans* account for 0.37 percent of all industry businesses in the market area.

*Minority Business Enterprises* account for 21.18 percent of all industry businesses in the market area.

*Caucasian Female Business Enterprises* account for 14.28 percent of all industry businesses in the market area.

*Minority and Caucasian Female Business Enterprises* account for 35.46 percent of all industry businesses in the market area.

*Non-Minority Male Business Enterprises* account for 64.54 percent of all industry businesses in the market area.



**Table 5.11: Available All Industry Prime Contractors**

<b>Ethnicity</b>	<b>Percent of Businesses</b>
African Americans	16.71%
Asian Americans	2.60%
Hispanic Americans	1.50%
Native Americans	0.37%
Caucasian Females	14.28%
Non-Minority Males	64.54%
<b>TOTAL</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Percent of Businesses</b>
African American Females	4.02%
African American Males	12.70%
Asian American Females	0.81%
Asian American Males	1.78%
Hispanic American Females	0.41%
Hispanic American Males	1.10%
Native American Females	0.12%
Native American Males	0.24%
Caucasian Females	14.28%
Non-Minority Males	64.54%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Percent of Businesses</b>
Minority Females	5.35%
Minority Males	15.82%
Caucasian Females	14.28%
Non-Minority Males	64.54%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Females</b>	<b>Percent of Businesses</b>
Minority Business Enterprises	21.18%
Caucasian Female Business Enterprises	14.28%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>35.46%</b>
Non-Minority Male Business Enterprises	64.54%
<b>TOTAL</b>	<b>100.00%</b>



## **B. Construction Prime Contractor Availability**

The distribution of available construction prime contractors is summarized in Table 5.12 below.

*African Americans* account for 27.55 percent of construction businesses in the market area.

*Asian Americans* account for 0.54 percent of construction businesses in the market area.

*Hispanic Americans* account for 1.88 percent of construction businesses in the market area.

*Native Americans* account for 0.54 percent of construction businesses in the market area.

*Minority Business Enterprises* account for 30.51 percent of construction businesses in the market area.

*Caucasian Female Business Enterprises* account for 12.23 percent of construction businesses in the market area.

*Minority and Caucasian Female Business Enterprises* account for 42.74 percent of construction businesses in the market area.

*Non-Minority Male Business Enterprises* account for 57.26 percent of construction businesses in the market area.



**Table 5.12: Available Construction Prime Contractors**

<b>Ethnicity</b>	<b>Percent of Businesses</b>
African Americans	27.55%
Asian Americans	0.54%
Hispanic Americans	1.88%
Native Americans	0.54%
Caucasian Females	12.23%
Non-Minority Males	57.26%
<b>TOTAL</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Percent of Businesses</b>
African American Females	3.63%
African American Males	23.92%
Asian American Females	0.00%
Asian American Males	0.54%
Hispanic American Females	0.40%
Hispanic American Males	1.48%
Native American Females	0.27%
Native American Males	0.27%
Caucasian Females	12.23%
Non-Minority Males	57.26%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Percent of Businesses</b>
Minority Females	4.30%
Minority Males	26.21%
Caucasian Females	12.23%
Non-Minority Males	57.26%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Females</b>	<b>Percent of Businesses</b>
Minority Business Enterprises	30.51%
Caucasian Female Business Enterprises	12.23%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>42.74%</b>
Non-Minority Male Business Enterprises	57.26%
<b>TOTAL</b>	<b>100.00%</b>



### **C. Professional Services Prime Contractor Availability**

The distribution of available professional services prime contractors is summarized in Table 5.13 below.

*African Americans* account for 19.73 percent of professional services businesses in the market area.

*Asian Americans* account for 6.62 percent of professional services businesses in the market area.

*Hispanic Americans* account for 2.97 percent of professional services businesses in the market area.

*Native Americans* account for 0.68 percent of professional services businesses in the market area.

*Minority Business Enterprises* account for 30 percent of professional services businesses in the market area.

*Caucasian Female Business Enterprises* account for 23.78 percent of professional services businesses in the market area.

*Minority and Caucasian Female Business Enterprises* account for 53.78 percent of professional services businesses in the market area.

*Non-Minority Male Business Enterprises* account for 46.22 percent of professional services businesses in the market area.



**Table 5.13: Available Professional Services Prime Contractors**

<b>Ethnicity</b>	<b>Percent of Businesses</b>
African Americans	19.73%
Asian Americans	6.62%
Hispanic Americans	2.97%
Native Americans	0.68%
Caucasian Females	23.78%
Non-Minority Males	46.22%
<b>TOTAL</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Percent of Businesses</b>
African American Females	7.84%
African American Males	11.89%
Asian American Females	2.16%
Asian American Males	4.46%
Hispanic American Females	0.68%
Hispanic American Males	2.30%
Native American Females	0.14%
Native American Males	0.54%
Caucasian Females	23.78%
Non-Minority Males	46.22%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Percent of Businesses</b>
Minority Females	10.81%
Minority Males	19.19%
Caucasian Females	23.78%
Non-Minority Males	46.22%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Females</b>	<b>Percent of Businesses</b>
Minority Business Enterprises	30.00%
Caucasian Female Business Enterprises	23.78%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>53.78%</b>
Non-Minority Male Business Enterprises	46.22%
<b>TOTAL</b>	<b>100.00%</b>



#### ***D. Goods and Other Services Prime Contractor Availability***

The distribution of available goods and other services prime contractors is summarized in Table 5.14 below.

*African Americans* account for 10.48 percent of goods and other services businesses in the market area.

*Asian Americans* account for 1.32 percent of goods and other services businesses in the market area.

*Hispanic Americans* account for 0.91 percent of goods and other services businesses in the market area.

*Native American Businesses* account for 0.5 percent of goods and other services businesses in the market area.

*Minority Business Enterprises* account for 13.2 percent of goods and other services businesses in the market area.

*Caucasian Female Business Enterprises* account for 10.81 percent of goods and other services businesses in the market area.

*Minority and Caucasian Female Business Enterprises* account for 24.01 percent of goods and other services businesses in the market area.

*Non-Minority Male Business Enterprises* account for 75.99 percent of goods and other services businesses in the market area.



**Table 5.14: Available Goods and Other Services Prime Contractors**

<b>Ethnicity</b>	<b>Percent of Businesses</b>
African Americans	10.48%
Asian Americans	1.32%
Hispanic Americans	0.91%
Native Americans	0.50%
Caucasian Females	10.81%
Non-Minority Males	75.99%
<b>TOTAL</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Percent of Businesses</b>
African American Females	2.81%
African American Males	7.67%
Asian American Females	0.41%
Asian American Males	0.91%
Hispanic American Females	0.41%
Hispanic American Males	0.50%
Native American Females	0.17%
Native American Males	0.33%
Caucasian Females	10.81%
Non-Minority Males	75.99%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Percent of Businesses</b>
Minority Females	3.80%
Minority Males	9.41%
Caucasian Females	10.81%
Non-Minority Males	75.99%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Females</b>	<b>Percent of Businesses</b>
Minority Business Enterprises	13.20%
Caucasian Female Business Enterprises	10.81%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>24.01%</b>
Non-Minority Male Business Enterprises	75.99%
<b>TOTAL</b>	<b>100.00%</b>



## **V. SUBCONTRACTOR AVAILABILITY ANALYSIS**

### **A. Source of Potentially Willing and Able Subcontractors**

All available prime contractors were included in the calculation of the subcontractor availability. Additional subcontractors in the City’s market area were identified using the source in Table 5.15. The subcontractor availability was not calculated for goods and other services, as the subcontracting activity in that industry was limited.

**Table 5.15: Unique Subcontractor Availability Data Source**

<b>Subcontract Availability Source</b>	<b>Type Information</b>
Subcontract awards provided by the City	M/WBEs and non-M/WBEs

### **B. Determination of Willingness and Capacity**

Although *Croson* does not require a measure of subcontractor capacity, subcontractor capacity was considered in this Study. Subcontractor availability was limited to the City’s utilized prime contractors and the unique businesses utilized as subcontractors. Utilized prime contractors, who are included in the enumeration of available subcontractors, have demonstrated ability to perform the City’s contracts; the same is true for utilized subcontractors. Therefore subcontractor capacity is verified.



### **C. Construction Subcontractor Availability**

The distribution of available construction subcontractors is summarized in Table 5.16 below.

*African Americans* account for 21.35 percent of construction businesses in the market area.

*Asian Americans* account for 0.48 percent of construction businesses in the market area.

*Hispanic Americans* account for 1.63 percent of construction businesses in the market area.

*Native Americans* account for 0.48 percent of construction businesses in the market area.

*Minority Business Enterprises* account for 23.94 percent of construction businesses in the market area.

*Caucasian Female Business Enterprises* account for 11.25 percent of construction businesses in the market area.

*Minority and Caucasian Female Business Enterprises* account for 35.19 percent of construction businesses in the market area.

*Non-Minority Male Business Enterprises* account for 64.81 percent of construction businesses in the market area.



**Table 5.16: Available Construction Subcontractors**

<b>Ethnicity</b>	<b>Percent of Businesses</b>
African Americans	21.35%
Asian Americans	0.48%
Hispanic Americans	1.63%
Native Americans	0.48%
Caucasian Females	11.25%
Non-Minority Males	64.81%
<b>TOTAL</b>	<b>100.00%</b>
<b>Ethnicity and Gender</b>	<b>Percent of Businesses</b>
African American Females	3.17%
African American Males	18.17%
Asian American Females	0.10%
Asian American Males	0.38%
Hispanic American Females	0.29%
Hispanic American Males	1.35%
Native American Females	0.19%
Native American Males	0.29%
Caucasian Females	11.25%
Non-Minority Males	64.81%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Gender</b>	<b>Percent of Businesses</b>
Minority Females	3.75%
Minority Males	20.19%
Caucasian Females	11.25%
Non-Minority Males	64.81%
<b>TOTAL</b>	<b>100.00%</b>
<b>Minority and Females</b>	<b>Percent of Businesses</b>
Minority Business Enterprises	23.94%
Caucasian Female Business Enterprises	11.25%
<b>Minority and Caucasian Female Business Enterprises</b>	<b>35.19%</b>
Non-Minority Male Business Enterprises	64.81%
<b>TOTAL</b>	<b>100.00%</b>



## **VI. SUMMARY**

This chapter described the availability analysis for the City's market area. Businesses were identified from the City's records, government certification directories, business and trade associations' membership lists and business community meetings. A total of 52.01 percent of these businesses were identified from the City's prime contractor utilization, 0.28 percent were identified from business community meetings, 31.03 percent were identified from government certification directories, and 12.78 percent were identified from the willingness survey.

Contracts were also analyzed by size as one measure of capacity. A total of 70.52 percent were valued at less than \$25,000, 82.37 percent were valued at less than \$50,000, 89.7 percent were valued at less than \$100,000, and 97.39 percent were valued at less than \$500,000. Prime contractor and subcontractor availability was analyzed by ethnicity and gender. For prime contractors, Minority Business Enterprises account for 21.18 percent of all industry businesses, Caucasian Female Business Enterprises account for 14.28 percent of all industry businesses, and Non-Minority Male Business Enterprises account for 64.54 percent of all industry businesses. The availability analysis was also completed for the construction subcontractors. For subcontractors, Minority business enterprises account for 23.94 percent of all industry businesses, Caucasian Female Business Enterprises account for 11.25 percent of all industry businesses, and Non-Minority Male Business Enterprises account for 64.81 percent of all industry businesses.



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# **CHAPTER 6: PRIME CONTRACT DISPARITY ANALYSIS**

## **I. INTRODUCTION**

The objective of the disparity analysis is to determine whether Minority and Woman Business Enterprises, hereinafter referred to as Minority and Caucasian Female Business Enterprises (M/WBEs), are utilized on the City of St. Louis (City) prime contracts at the level they are available in the market area. Under a fair and equitable system of awarding contracts, the proportion of contract dollars awarded to M/WBEs should be relatively close to the corresponding proportion of available M/WBEs<sup>1</sup> in the relevant market area. If the ratio of utilized M/WBE prime contractors to available M/WBE prime contractors is less than one, a statistical test is conducted to calculate the probability of observing the empirical disparity ratio or any event which is less probable. This analysis assumes a fair and equitable system.<sup>2</sup> *Croson* states that an inference of discrimination can be made *prima facie* if the disparity is statistically significant. Under the *Croson* model, Non-Minority Male Business Enterprises are not subjected to a statistical test.

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

In practice, a disparity ratio of less than 0.8 indicates a relevant degree of disparity. To test the significance of a disparity ratio, a P-value must be calculated.<sup>3</sup> All disparity

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<sup>1</sup> Availability is defined as the number of ready, willing, and able firms. The methodology for determining willing and able firms is detailed in *Chapter 5 Prime and Subcontractor Availability Analysis*.

<sup>2</sup> 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 statistical standard to be an acceptable level in determining whether an inference of discrimination can be made. Thus, the data analyzed here were done within the 95-percent confidence level.

<sup>3</sup> P-value is a measure of statistical significance.



findings of less than one are subject to a test of statistical significance. The three methods employed to calculate statistical significance include a parametric analysis,<sup>4</sup> a non-parametric analysis,<sup>5</sup> and a simulation analysis.

A parametric analysis is most commonly used when the number of contracts is sufficiently large and the variation of the contract dollar amounts is not too large. When the variation in contract dollar amounts is large, a disparity may not be detectable using a parametric analysis. Therefore, a non-parametric analysis would be employed to analyze the contracts ranked by dollar amount. Both parametric and non-parametric analyses are effective due to the central limit theorem, which is strongest when the number of contracts is large and the data are not skewed. When there are too few contracts<sup>6</sup> or the contract dollar data are skewed, a simulation analysis is employed. The utility of the simulation analysis is also dependent on the severity of the disparity when there are too few contracts. The simulation analysis utilizes randomization to simulate a distribution for the contracts.<sup>7</sup> By conducting multiple trials in the simulation, the empirical data can be used to test the distribution of contract awards for significance.

For parametric and non-parametric analyses, 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 equal to or less than 0.05, the difference is statistically significant.<sup>8</sup> In the simulation analysis, the P-value takes into account a combination of the distribution formulated from the empirical data and the contract dollar amounts or contract rank. If the actual contract dollar amount, or actual contract rank, falls below the fifth percentile of the distribution, it denotes a P-value less than 0.05, which is statistically significant.

Our statistical model employs all three methods simultaneously to each industry. Findings from one of the three methods are reported. If the P-value from any one of the three methods is less than 0.05 the finding is reported in the disparity tables as statistically significant. If the P-value is greater than 0.05 the finding is reported as not statistically significant.

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<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> Note: a relatively small availability population size decreases the reliability of the statistical results, therefore any availability percentage under one percent cannot be labeled as statistically significant.

<sup>7</sup> The simulation analysis can be conducted using contract dollar amounts or contract rankings.

<sup>8</sup> A statistical test is not performed for Non-Minority Males or when the ratio of utilized to available is greater than one for M/WBES.



## II. DISPARITY ANALYSIS

A prime contract disparity analysis was performed on construction, professional services (which included architecture and engineering), and goods and other services contracts awarded from July 1, 2007 to June 30, 2012.

As demonstrated in *Chapter 5: Prime and Subcontractor Availability Analysis*, the majority of City’s contracts were small. Construction prime contracts valued at less than \$500,000 constituted 93.63 percent of all construction prime contracts. Professional services prime contracts valued at less than \$500,000 constituted 98 percent of all professional services contracts. Goods and other services prime contracts valued at less than \$500,000 constituted 98.74 percent of all goods and other services prime contracts.

The threshold levels for the disparity analysis were set to ensure that within the pool of willing businesses there was documented capacity to perform the formal contracts analyzed. The formal threshold for the three industries analyzed, construction, professional services, and goods and other services, was limited to the \$500,000 level. The \$500,000 threshold was designated because at this level there was a demonstrated capacity within the pool of M/WBEs willing to perform City’s contracts.<sup>9</sup> An analysis was also performed for all contracts regardless of contract value.

The findings from the three statistical methods employed to calculate statistical significance as discussed on page 6-2 are presented in the following sections. The outcomes of the statistical analyses are presented in the “*p-value*” column of the disparity tables. A description of the statistical outcomes depicted in the disparity tables is presented below in Table 6.01.

**Table 6.01: Statistical Outcome Descriptions**

<b><i>p-value</i> Outcome</b>	<b>Definition of <i>p-value</i> Outcome</b>
< .05 *	The underutilization is statistically significant
not significant	The underutilization is not statistically significant
----	There are too few available firms to test statistical significance
**	The statistical test is not performed for the overutilization of M/WBEs or the underutilization of Non-Minority Males
< .05 †	The overutilization is statistically significant



<sup>9</sup> See *Chapter 5: Prime and Subcontractor Availability Analysis – Section III* for a discussion of M/WBE capacity.

## **A. Disparity Analysis: All Prime Contracts**

### **1. All Industries Prime Contracts**

The disparity analysis of all prime contracts in all industries is described below and depicted in Table 6.02 and Chart 6.01.

*African Americans* represent 16.71 percent of the available businesses, and received 6.43 percent of the prime contract dollars. This underutilization is statistically significant.

*Asian Americans* represent 2.6 percent of the available businesses and received 0.28 percent of the prime contract dollars. This underutilization is statistically significant.

*Hispanic Americans* represent 1.5 percent of the available businesses and received 0.17 percent of the prime contract dollars. This underutilization is statistically significant.

*Native Americans* represent 0.37 percent of the available businesses and received 0.04 percent of the prime contract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

*Minority Business Enterprises* represent 21.18 percent of the available businesses and received 6.92 percent of the prime contract dollars. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 14.28 percent of the available businesses and received 3.56 percent of the prime contract dollars. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 35.46 percent of available businesses and received 10.47 percent of the prime contract dollars. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 64.54 percent of the available businesses and received 89.53 percent of the prime contract dollars. This overutilization is statistically significant.



**Table 6.02: Disparity Analysis: All Industries, All Prime Contracts,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$30,434,028	6.43%	16.71%	\$79,166,952	-\$48,732,925	0.38	< .05 *
Asian Americans	\$1,334,841	0.28%	2.60%	\$12,297,779	-\$10,962,938	0.11	< .05 *
Hispanic Americans	\$815,073	0.17%	1.50%	\$7,109,653	-\$6,294,580	0.11	< .05 *
Native Americans	\$172,434	0.04%	0.37%	\$1,729,375	-\$1,556,941	0.10	----
Caucasian Females	\$16,853,971	3.56%	14.28%	\$67,637,785	-\$50,783,814	0.25	< .05 *
Non-Minority Males	\$424,046,299	89.53%	64.54%	\$305,715,100	\$118,331,199	1.39	< .05 †
<b>TOTAL</b>	<b>\$473,656,645</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$473,656,645</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$2,877,060	0.61%	4.02%	\$19,023,127	-\$16,146,067	0.15	< .05 *
African American Males	\$27,556,968	5.82%	12.70%	\$60,143,825	-\$32,586,858	0.46	< .05 *
Asian American Females	\$5,000	0.00%	0.81%	\$3,843,056	-\$3,838,056	0.00	----
Asian American Males	\$1,329,841	0.28%	1.78%	\$8,454,723	-\$7,124,882	0.16	< .05 *
Hispanic American Females	\$39,000	0.01%	0.41%	\$1,921,528	-\$1,882,528	0.02	----
Hispanic American Males	\$776,073	0.16%	1.10%	\$5,188,126	-\$4,412,052	0.15	< .05 *
Native American Females	\$161,519	0.03%	0.12%	\$576,458	-\$414,940	0.28	----
Native American Males	\$10,915	0.00%	0.24%	\$1,152,917	-\$1,142,002	0.01	----
Caucasian Females	\$16,853,971	3.56%	14.28%	\$67,637,785	-\$50,783,814	0.25	< .05 *
Non-Minority Males	\$424,046,299	89.53%	64.54%	\$305,715,100	\$118,331,199	1.39	< .05 †
<b>TOTAL</b>	<b>\$473,656,645</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$473,656,645</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$3,082,579	0.65%	5.35%	\$25,364,169	-\$22,281,591	0.12	< .05 *
Minority Males	\$29,673,797	6.26%	15.82%	\$74,939,591	-\$45,265,794	0.40	< .05 *
Caucasian Females	\$16,853,971	3.56%	14.28%	\$67,637,785	-\$50,783,814	0.25	< .05 *
Non-Minority Males	\$424,046,299	89.53%	64.54%	\$305,715,100	\$118,331,199	1.39	< .05 †
<b>TOTAL</b>	<b>\$473,656,645</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$473,656,645</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$32,756,375	6.92%	21.18%	\$100,303,760	-\$67,547,385	0.33	< .05 *
Caucasian Female Business Enterprises	\$16,853,971	3.56%	14.28%	\$67,637,785	-\$50,783,814	0.25	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$49,610,346</b>	<b>10.47%</b>	<b>35.46%</b>	<b>\$167,941,545</b>	<b>-\$118,331,199</b>	<b>0.30</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$424,046,299	89.53%	64.54%	\$305,715,100	\$118,331,199	1.39	< .05 †

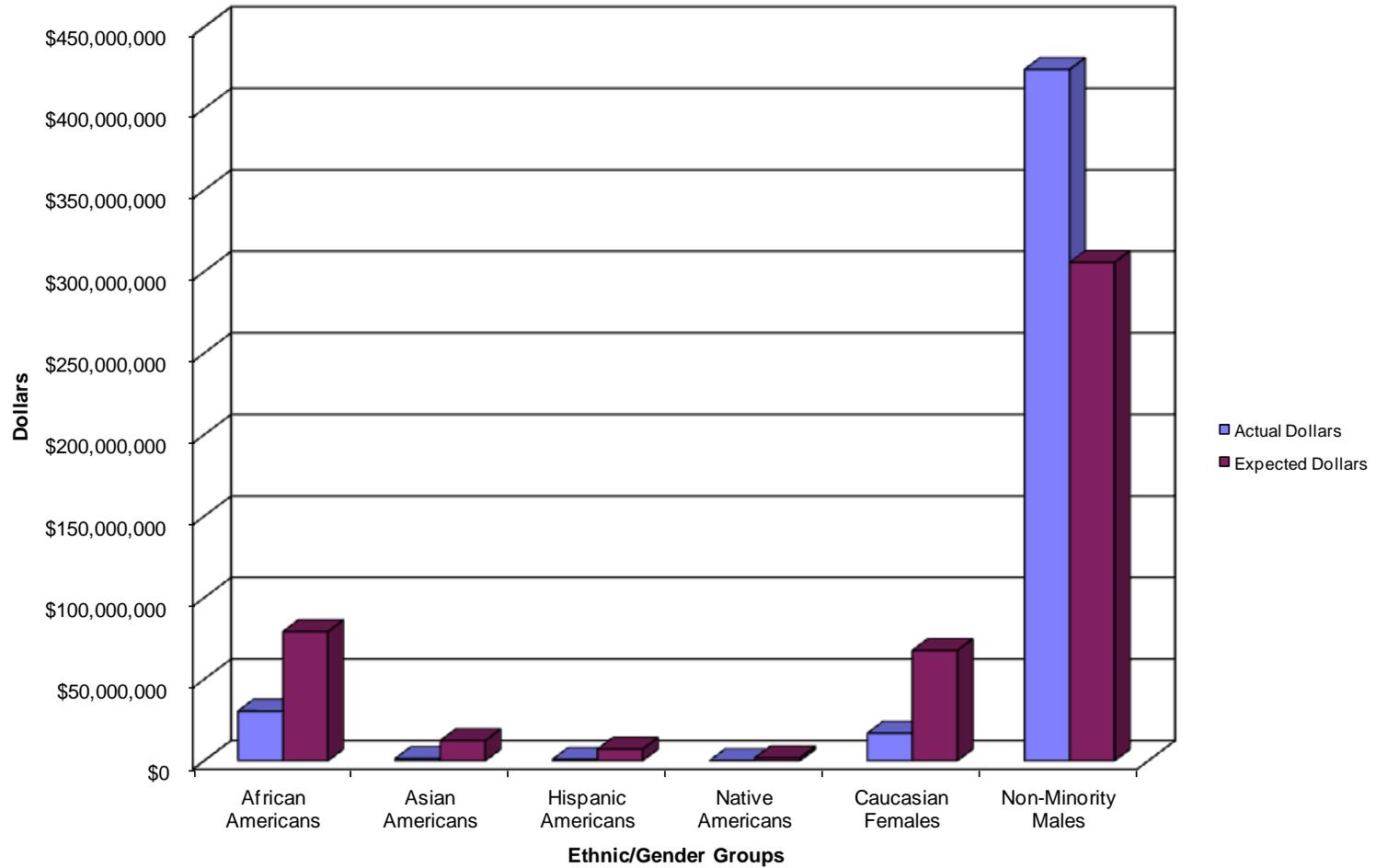
(\*) denotes a statistically significant underutilization.

(†) denotes a statistically significant overutilization.

(\*\*) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority Males.

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

**Chart 6.01: Disparity Analysis: All Industries, All Prime Contracts,  
July 1, 2007 to June 30, 2012**



## 2. All Construction Prime Contracts

The disparity analysis of all construction prime contracts is described below and depicted in Table 6.03 and Chart 6.02.

*African Americans* represent 27.55 percent of the available construction businesses and received 5.4 percent of all construction prime contract dollars. This underutilization is statistically significant.

*Asian Americans* represent 0.54 percent of the available construction businesses and received none of the construction prime contract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

*Hispanic Americans* represent 1.88 percent of the available construction businesses and received 0.02 percent of all construction prime contract dollars. This underutilization is statistically significant.

*Native Americans* represent 0.54 percent of the available construction businesses and received none of the construction prime contract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

*Minority Business Enterprises* represent 30.51 percent of the available construction businesses and received 5.42 percent of all construction prime contract dollars. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 12.23 percent of the available construction businesses and received 4.58 percent of all construction prime contract dollars. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 42.74 percent of available construction businesses and received 9.99 percent of all construction prime contract dollars. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 57.26 percent of the available construction businesses and received 90.01 percent of all construction prime contract dollars. This overutilization is statistically significant.



**Table 6.03: Disparity Analysis: All Construction Prime Contracts,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$13,846,233	5.40%	27.55%	\$70,647,426	-\$56,801,193	0.20	< .05 *
Asian Americans	\$0	0.00%	0.54%	\$1,378,486	-\$1,378,486	0.00	----
Hispanic Americans	\$39,000	0.02%	1.88%	\$4,824,702	-\$4,785,702	0.01	< .05 *
Native Americans	\$0	0.00%	0.54%	\$1,378,486	-\$1,378,486	0.00	----
Caucasian Females	\$11,734,346	4.58%	12.23%	\$31,360,565	-\$19,626,219	0.37	< .05 *
Non-Minority Males	\$230,778,884	90.01%	57.26%	\$146,808,797	\$83,970,087	1.57	< .05 †
<b>TOTAL</b>	<b>\$256,398,463</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$256,398,463</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$354,585	0.14%	3.63%	\$9,304,783	-\$8,950,198	0.04	< .05 *
African American Males	\$13,491,648	5.26%	23.92%	\$61,342,643	-\$47,850,995	0.22	< .05 *
Asian American Females	\$0	0.00%	0.00%	\$0	\$0	----	----
Asian American Males	\$0	0.00%	0.54%	\$1,378,486	-\$1,378,486	0.00	----
Hispanic American Females	\$39,000	0.02%	0.40%	\$1,033,865	-\$994,865	0.04	----
Hispanic American Males	\$0	0.00%	1.48%	\$3,790,837	-\$3,790,837	0.00	< .05 *
Native American Females	\$0	0.00%	0.27%	\$689,243	-\$689,243	0.00	----
Native American Males	\$0	0.00%	0.27%	\$689,243	-\$689,243	0.00	----
Caucasian Females	\$11,734,346	4.58%	12.23%	\$31,360,565	-\$19,626,219	0.37	< .05 *
Non-Minority Males	\$230,778,884	90.01%	57.26%	\$146,808,797	\$83,970,087	1.57	< .05 †
<b>TOTAL</b>	<b>\$256,398,463</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$256,398,463</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$393,585	0.15%	4.30%	\$11,027,891	-\$10,634,306	0.04	< .05 *
Minority Males	\$13,491,648	5.26%	26.21%	\$67,201,210	-\$53,709,562	0.20	< .05 *
Caucasian Females	\$11,734,346	4.58%	12.23%	\$31,360,565	-\$19,626,219	0.37	< .05 *
Non-Minority Males	\$230,778,884	90.01%	57.26%	\$146,808,797	\$83,970,087	1.57	< .05 †
<b>TOTAL</b>	<b>\$256,398,463</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$256,398,463</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$13,885,233	5.42%	30.51%	\$78,229,101	-\$64,343,868	0.18	< .05 *
Caucasian Female Business Enterprises	\$11,734,346	4.58%	12.23%	\$31,360,565	-\$19,626,219	0.37	< .05 *
<b>Female Business Enterprises</b>	<b>\$25,619,579</b>	<b>9.99%</b>	<b>42.74%</b>	<b>\$109,589,666</b>	<b>-\$83,970,087</b>	<b>0.23</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$230,778,884	90.01%	57.26%	\$146,808,797	\$83,970,087	1.57	< .05 †

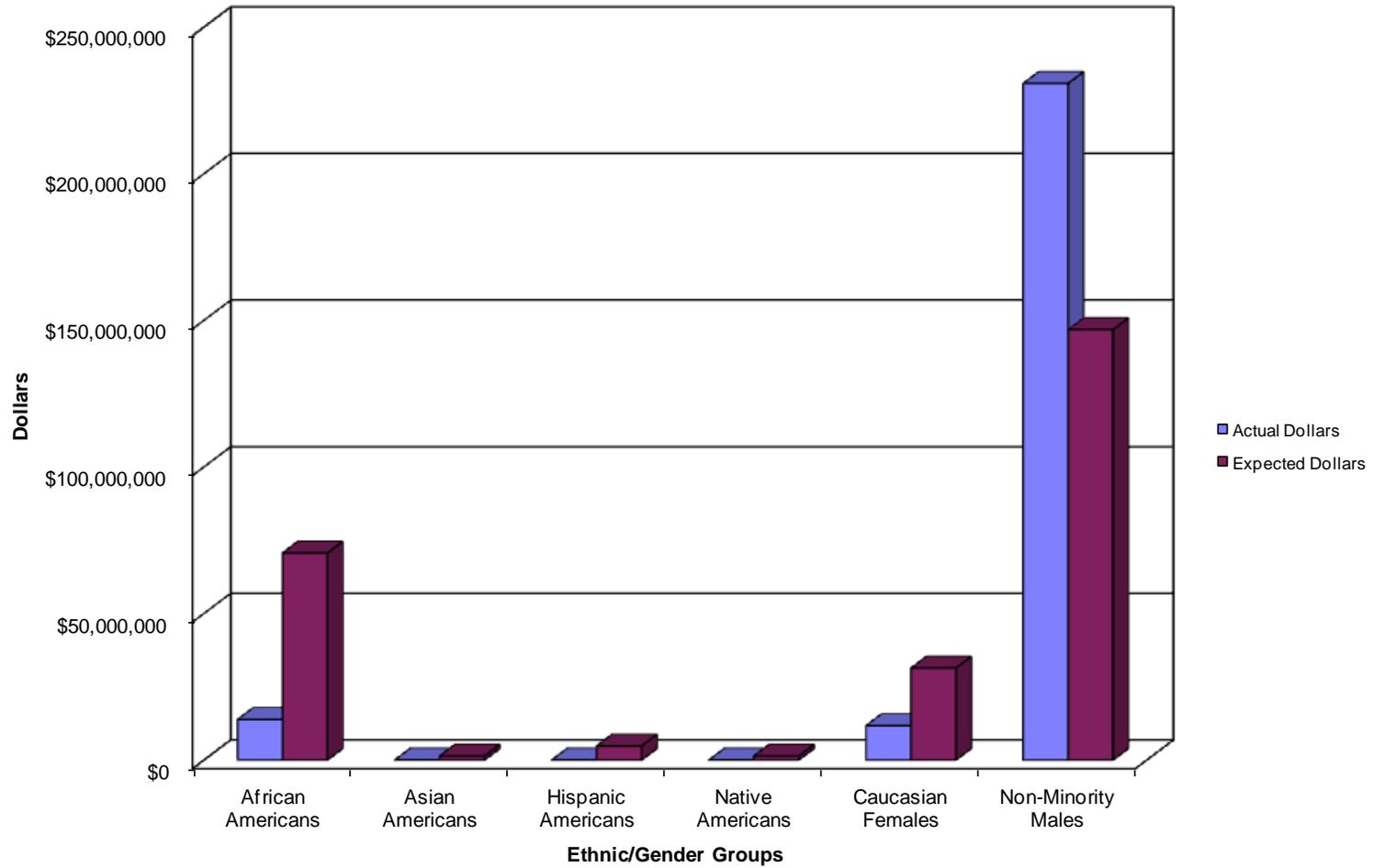
( \* ) denotes a statistically significant underutilization.

( † ) denotes a statistically significant overutilization.

( \*\* ) this study does not test statistically the overutilization of MWBEs or the underutilization of non-minority males.

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

**Chart 6.02: Disparity Analysis: All Construction Prime Contracts,  
July 1, 2007 to June 30, 2012**



### 3. All Professional Services Prime Contracts

The disparity analysis of professional services prime contracts is described below and depicted in Table 6.04 and Chart 6.03.

*African Americans* represent 19.73 percent of the available professional services businesses and received 8.04 percent of the professional services prime contract dollars. This underutilization is statistically significant.

*Asian Americans* represent 6.62 percent of the available professional services businesses and received 1.19 percent of the professional services prime contract dollars. This underutilization is statistically significant.

*Hispanic Americans* represent 2.97 percent of the available professional services businesses and received 0.16 percent of the professional services prime contract dollars. This underutilization is statistically significant.

*Native Americans* represent 0.68 percent of the available professional services businesses and received 0.23 percent of the professional services prime contract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

*Minority Business Enterprises* represent 30 percent of the available professional services businesses and received 9.62 percent of the professional services prime contract dollars. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 23.78 percent of the available professional services businesses and received 4.14 percent of the professional services prime contract dollars. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 53.78 percent of available professional services businesses and received 13.77 percent of the professional services prime contract dollars. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 46.22 percent of the available professional services businesses and received 86.23 percent of the professional services prime contract dollars. This overutilization is statistically significant.



**Table 6.04: Disparity Analysis: All Professional Services Prime Contracts,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$5,583,981	8.04%	19.73%	\$13,705,183	-\$8,121,202	0.41	< .05 *
Asian Americans	\$826,041	1.19%	6.62%	\$4,599,685	-\$3,773,644	0.18	< .05 *
Hispanic Americans	\$111,520	0.16%	2.97%	\$2,065,165	-\$1,953,644	0.05	< .05 *
Native Americans	\$161,519	0.23%	0.68%	\$469,356	-\$307,837	0.34	----
Caucasian Females	\$2,879,307	4.14%	23.78%	\$16,521,317	-\$13,642,009	0.17	< .05 *
Non-Minority Males	\$59,902,259	86.23%	46.22%	\$32,103,922	\$27,798,337	1.87	< .05 †
<b>TOTAL</b>	<b>\$69,464,627</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$69,464,627</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$2,501,532	3.60%	7.84%	\$5,444,525	-\$2,942,993	0.46	< .05 *
African American Males	\$3,082,449	4.44%	11.89%	\$8,260,658	-\$5,178,209	0.37	< .05 *
Asian American Females	\$5,000	0.01%	2.16%	\$1,501,938	-\$1,496,938	0.00	< .05 *
Asian American Males	\$821,041	1.18%	4.46%	\$3,097,747	-\$2,276,706	0.27	< .05 *
Hispanic American Females	\$0	0.00%	0.68%	\$469,356	-\$469,356	0.00	----
Hispanic American Males	\$111,520	0.16%	2.30%	\$1,595,809	-\$1,484,289	0.07	< .05 *
Native American Females	\$161,519	0.23%	0.14%	\$93,871	\$67,648	1.72	**
Native American Males	\$0	0.00%	0.54%	\$375,484	-\$375,484	0.00	----
Caucasian Females	\$2,879,307	4.14%	23.78%	\$16,521,317	-\$13,642,009	0.17	< .05 *
Non-Minority Males	\$59,902,259	86.23%	46.22%	\$32,103,922	\$27,798,337	1.87	< .05 †
<b>TOTAL</b>	<b>\$69,464,627</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$69,464,627</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$2,668,051	3.84%	10.81%	\$7,509,689	-\$4,841,639	0.36	< .05 *
Minority Males	\$4,015,010	5.78%	19.19%	\$13,329,699	-\$9,314,689	0.30	< .05 *
Caucasian Females	\$2,879,307	4.14%	23.78%	\$16,521,317	-\$13,642,009	0.17	< .05 *
Non-Minority Males	\$59,902,259	86.23%	46.22%	\$32,103,922	\$27,798,337	1.87	< .05 †
<b>TOTAL</b>	<b>\$69,464,627</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$69,464,627</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$6,683,061	9.62%	30.00%	\$20,839,388	-\$14,156,327	0.32	< .05 *
Caucasian Female Business Enterprises	\$2,879,307	4.14%	23.78%	\$16,521,317	-\$13,642,009	0.17	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$9,562,368</b>	<b>13.77%</b>	<b>53.78%</b>	<b>\$37,360,705</b>	<b>-\$27,798,337</b>	<b>0.26</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$59,902,259	86.23%	46.22%	\$32,103,922	\$27,798,337	1.87	< .05 †

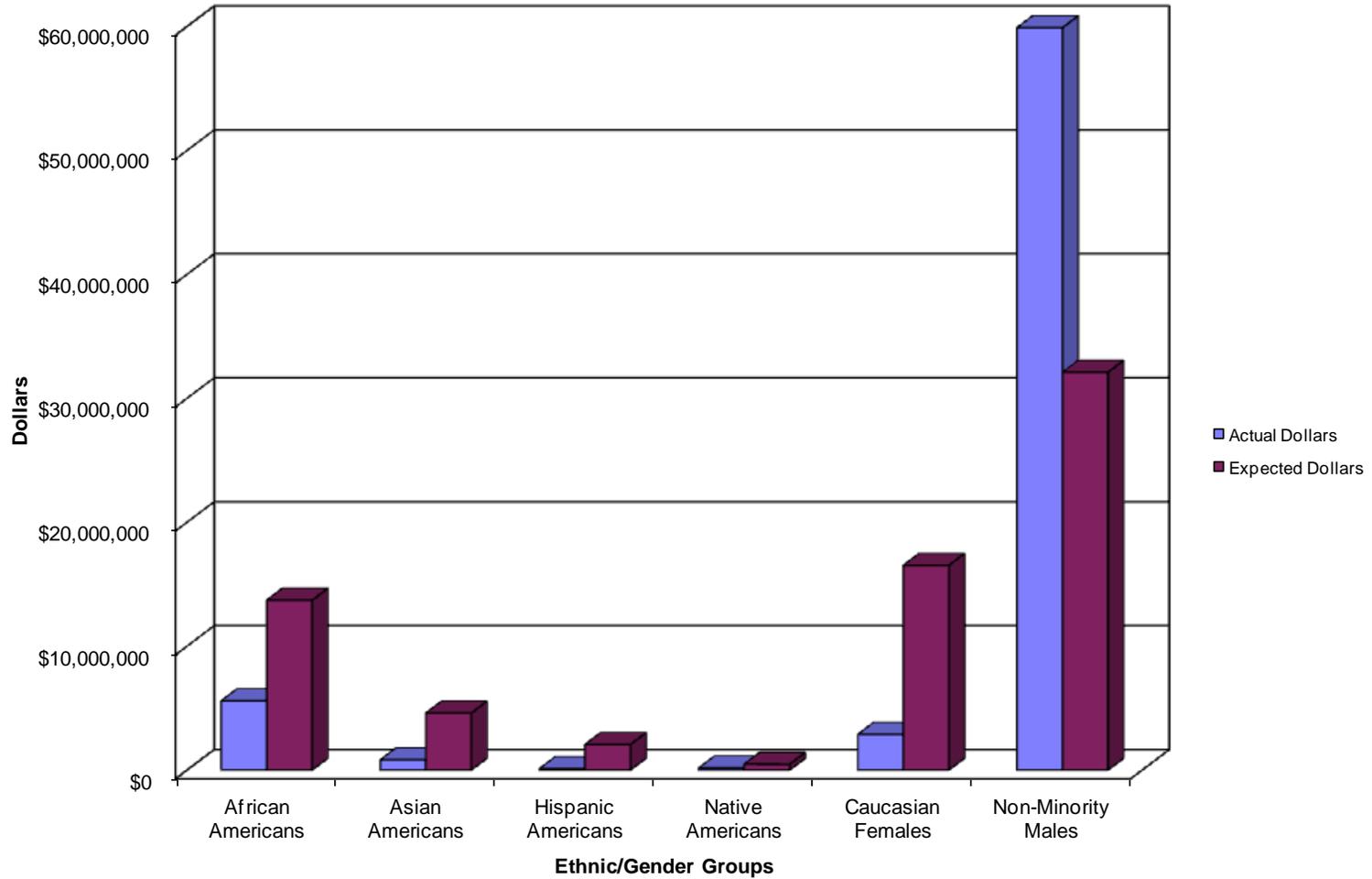
(\* ) denotes a statistically significant underutilization.

( † ) denotes a statistically significant overutilization.

( \*\* ) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority males.

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

**Chart 6.03: Disparity Analysis: All Professional Services Prime Contracts,  
July 1, 2007 to June 30, 2012**



*Mason Tillman Associates, Ltd. May 2015  
City of St. Louis, Missouri  
Volume I – Disparity Study Final Report*

#### 4. Goods and Other Services Prime Contracts All Contracts

The disparity analysis of goods and other services prime contracts is described below and depicted in Table 6.05 and Chart 6.04.

*African Americans* represent 10.48 percent of the available goods and other services businesses and received 7.45 percent of the goods and other services prime contract dollars. This underutilization is not statistically significant.

*Asian Americans* represent 1.32 percent of the available goods and other services businesses and received 0.34 percent of the goods and other services prime contract dollars. This underutilization is statistically significant.

*Hispanic Americans* represent 0.91 percent of the available goods and other services businesses and received 0.45 percent of the goods and other services prime contract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

*Native Americans* represent 0.5 percent of the available goods and other services businesses and received 0.01 percent of the goods and other services prime contract dollars. While this group was underutilized, there were too few available firms to determine statistical significance.

*Minority Business Enterprises* represent 13.2 percent of the available goods and other services businesses and received 8.25 percent of the goods and other services prime contract dollars. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 10.81 percent of the available goods and other services businesses and received 1.52 percent of the goods and other services prime contract dollars. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 24.01 percent of available goods and other services businesses and received 9.76 percent of the goods and other services prime contract dollars. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 75.99 percent of the available goods and other services businesses and received 90.24 percent of the goods and other services prime contract dollars. This overutilization is statistically significant.



**Table 6.05: Disparity Analysis: All Goods and Other Services Prime Contracts,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$11,003,813	7.45%	10.48%	\$15,486,618	-\$4,482,805	0.71	not significant
Asian Americans	\$508,800	0.34%	1.32%	\$1,951,070	-\$1,442,270	0.26	< .05 *
Hispanic Americans	\$664,553	0.45%	0.91%	\$1,341,361	-\$676,808	0.50	----
Native Americans	\$10,915	0.01%	0.50%	\$731,651	-\$720,736	0.01	----
Caucasian Females	\$2,240,317	1.52%	10.81%	\$15,974,386	-\$13,734,068	0.14	< .05 *
Non-Minority Males	\$133,365,156	90.24%	75.99%	\$112,308,469	\$21,056,688	1.19	< .05 †
<b>TOTAL</b>	<b>\$147,793,555</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$147,793,555</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$20,943	0.01%	2.81%	\$4,146,024	-\$4,125,081	0.01	< .05 *
African American Males	\$10,982,870	7.43%	7.67%	\$11,340,595	-\$357,724	0.97	not significant
Asian American Females	\$0	0.00%	0.41%	\$609,709	-\$609,709	0.00	----
Asian American Males	\$508,800	0.34%	0.91%	\$1,341,361	-\$832,561	0.38	----
Hispanic American Females	\$0	0.00%	0.41%	\$609,709	-\$609,709	0.00	----
Hispanic American Males	\$664,553	0.45%	0.50%	\$731,651	-\$67,098	0.91	----
Native American Females	\$0	0.00%	0.17%	\$243,884	-\$243,884	0.00	----
Native American Males	\$10,915	0.01%	0.33%	\$487,768	-\$476,853	0.02	----
Caucasian Females	\$2,240,317	1.52%	10.81%	\$15,974,386	-\$13,734,068	0.14	< .05 *
Non-Minority Males	\$133,365,156	90.24%	75.99%	\$112,308,469	\$21,056,688	1.19	< .05 †
<b>TOTAL</b>	<b>\$147,793,555</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$147,793,555</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$20,943	0.01%	3.80%	\$5,609,326	-\$5,588,383	0.00	< .05 *
Minority Males	\$12,167,138	8.23%	9.41%	\$13,901,374	-\$1,734,236	0.88	not significant
Caucasian Females	\$2,240,317	1.52%	10.81%	\$15,974,386	-\$13,734,068	0.14	< .05 *
Non-Minority Males	\$133,365,156	90.24%	75.99%	\$112,308,469	\$21,056,688	1.19	< .05 †
<b>TOTAL</b>	<b>\$147,793,555</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$147,793,555</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$12,188,081	8.25%	13.20%	\$19,510,700	-\$7,322,619	0.62	< .05 *
Caucasian Female Business Enterprises	\$2,240,317	1.52%	10.81%	\$15,974,386	-\$13,734,068	0.14	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$14,428,399</b>	<b>9.76%</b>	<b>24.01%</b>	<b>\$35,485,086</b>	<b>-\$21,056,688</b>	<b>0.41</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$133,365,156	90.24%	75.99%	\$112,308,469	\$21,056,688	1.19	< .05 †

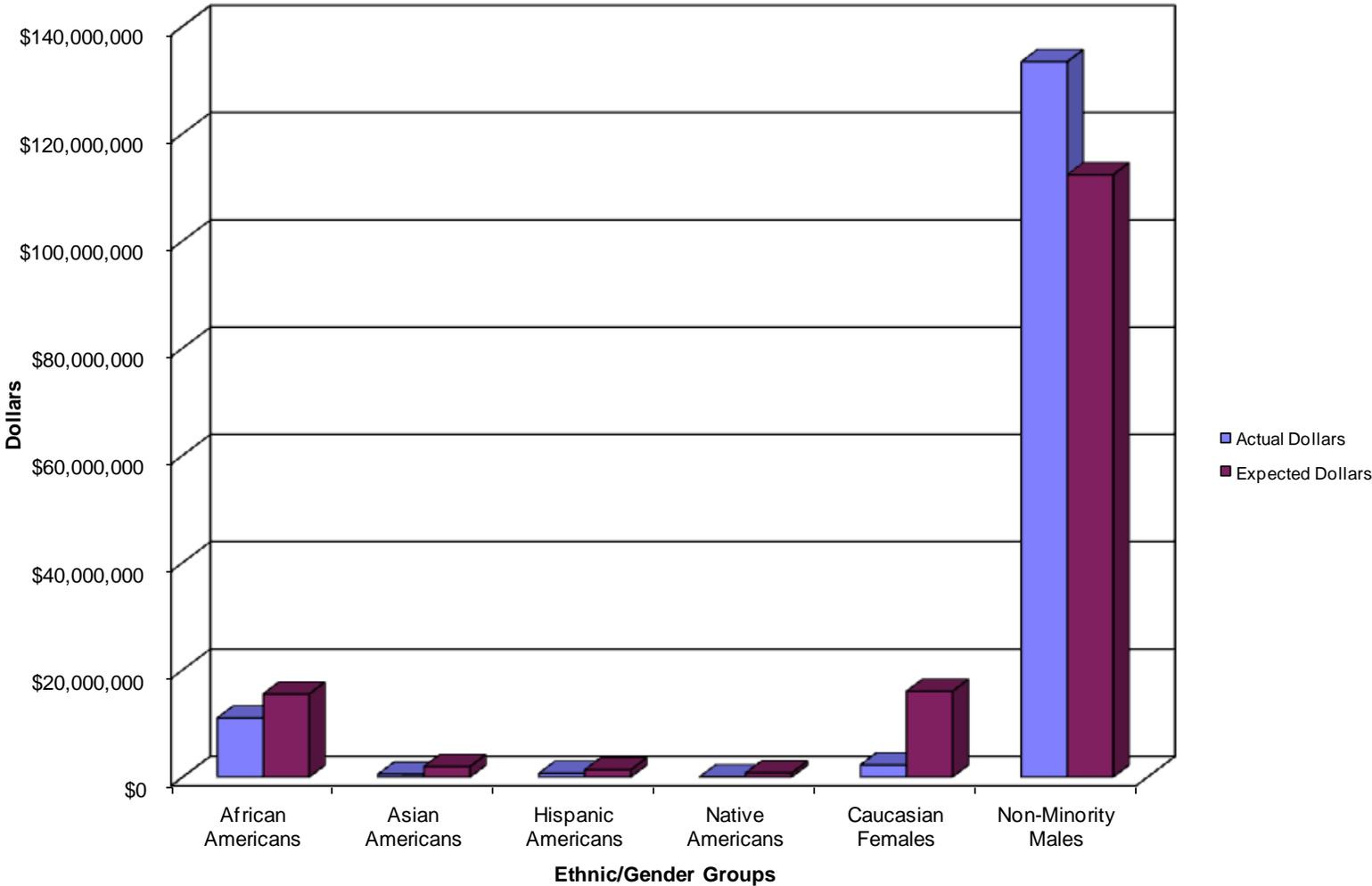
( \*) denotes a statistically significant underutilization.

( † ) denotes a statistically significant overutilization.

( \*\* ) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority Males.

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

**Chart 6.04: Disparity Analysis: All Goods and Other Services Prime Contracts, July 1, 2007 to June 30, 2012**



## **B. Disparity Analysis: All Prime Contracts Under \$500,000, by Industry**

### **1. All Prime Contracts Under \$500,000**

The disparity analysis of prime contracts under \$500,000 for all industries is described below and depicted in Table 6.06 and Chart 6.05.

*African Americans* represent 16.71 percent of the available businesses and received 6.55 percent of the dollars spent on prime contracts under \$500,000. This underutilization is statistically significant.

*Asian Americans* represent 2.6 percent of the available businesses and received 0.76 percent of the dollars spent on prime contracts under \$500,000. This underutilization is statistically significant.

*Hispanic Americans* represent 1.5 percent of the available businesses and received 0.46 percent of the dollars spent on prime contracts under \$500,000. This underutilization is statistically significant.

*Native Americans* represent 0.37 percent of the available businesses and received 0.1 percent of the dollars spent on prime contracts under \$500,000. While this group was underutilized, there were too few available firms to determine statistical significance.

*Minority Business Enterprises* represent 21.18 percent of the available businesses and received 7.87 percent of the dollars spent on prime contracts under \$500,000. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 14.28 percent of the available businesses and received 4.7 percent of the dollars spent on prime contracts under \$500,000. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 35.46 percent of the available businesses and received 12.57 percent of the dollars spent on prime contracts under \$500,000. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 64.54 percent of the available businesses and received 87.43 percent of the dollars spent on prime contracts under \$500,000. This overutilization is statistically significant.



**Table 6.06: Disparity Analysis: All Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$11,547,602	6.55%	16.71%	\$29,454,177	-\$17,906,575	0.39	< .05 *
Asian Americans	\$1,334,841	0.76%	2.60%	\$4,575,406	-\$3,240,566	0.29	< .05 *
Hispanic Americans	\$815,073	0.46%	1.50%	\$2,645,157	-\$1,830,084	0.31	< .05 *
Native Americans	\$172,434	0.10%	0.37%	\$643,416	-\$470,983	0.27	----
Caucasian Females	\$8,280,727	4.70%	14.28%	\$25,164,734	-\$16,884,007	0.33	< .05 *
Non-Minority Males	\$154,073,952	87.43%	64.54%	\$113,741,738	\$40,332,214	1.35	< .05 †
<b>TOTAL</b>	<b>\$176,224,629</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$176,224,629</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$1,420,074	0.81%	4.02%	\$7,077,581	-\$5,657,508	0.20	< .05 *
African American Males	\$10,127,529	5.75%	12.70%	\$22,376,596	-\$12,249,067	0.45	< .05 *
Asian American Females	\$5,000	0.00%	0.81%	\$1,429,814	-\$1,424,814	0.00	----
Asian American Males	\$1,329,841	0.75%	1.78%	\$3,145,592	-\$1,815,751	0.42	< .05 *
Hispanic American Females	\$39,000	0.02%	0.41%	\$714,907	-\$675,907	0.05	----
Hispanic American Males	\$776,073	0.44%	1.10%	\$1,930,249	-\$1,154,176	0.40	< .05 *
Native American Females	\$161,519	0.09%	0.12%	\$214,472	-\$52,953	0.75	----
Native American Males	\$10,915	0.01%	0.24%	\$428,944	-\$418,029	0.03	----
Caucasian Females	\$8,280,727	4.70%	14.28%	\$25,164,734	-\$16,884,007	0.33	< .05 *
Non-Minority Males	\$154,073,952	87.43%	64.54%	\$113,741,738	\$40,332,214	1.35	< .05 †
<b>TOTAL</b>	<b>\$176,224,629</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$176,224,629</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$1,625,592	0.92%	5.35%	\$9,436,775	-\$7,811,183	0.17	< .05 *
Minority Males	\$12,244,357	6.95%	15.82%	\$27,881,381	-\$15,637,024	0.44	< .05 *
Caucasian Females	\$8,280,727	4.70%	14.28%	\$25,164,734	-\$16,884,007	0.33	< .05 *
Non-Minority Males	\$154,073,952	87.43%	64.54%	\$113,741,738	\$40,332,214	1.35	< .05 †
<b>TOTAL</b>	<b>\$176,224,629</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$176,224,629</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$13,869,950	7.87%	21.18%	\$37,318,157	-\$23,448,207	0.37	< .05 *
Caucasian Female Business Enterprises	\$8,280,727	4.70%	14.28%	\$25,164,734	-\$16,884,007	0.33	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$22,150,677</b>	<b>12.57%</b>	<b>35.46%</b>	<b>\$62,482,891</b>	<b>-\$40,332,214</b>	<b>0.35</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$154,073,952	87.43%	64.54%	\$113,741,738	\$40,332,214	1.35	< .05 †

( \*) denotes a statistically significant underutilization.

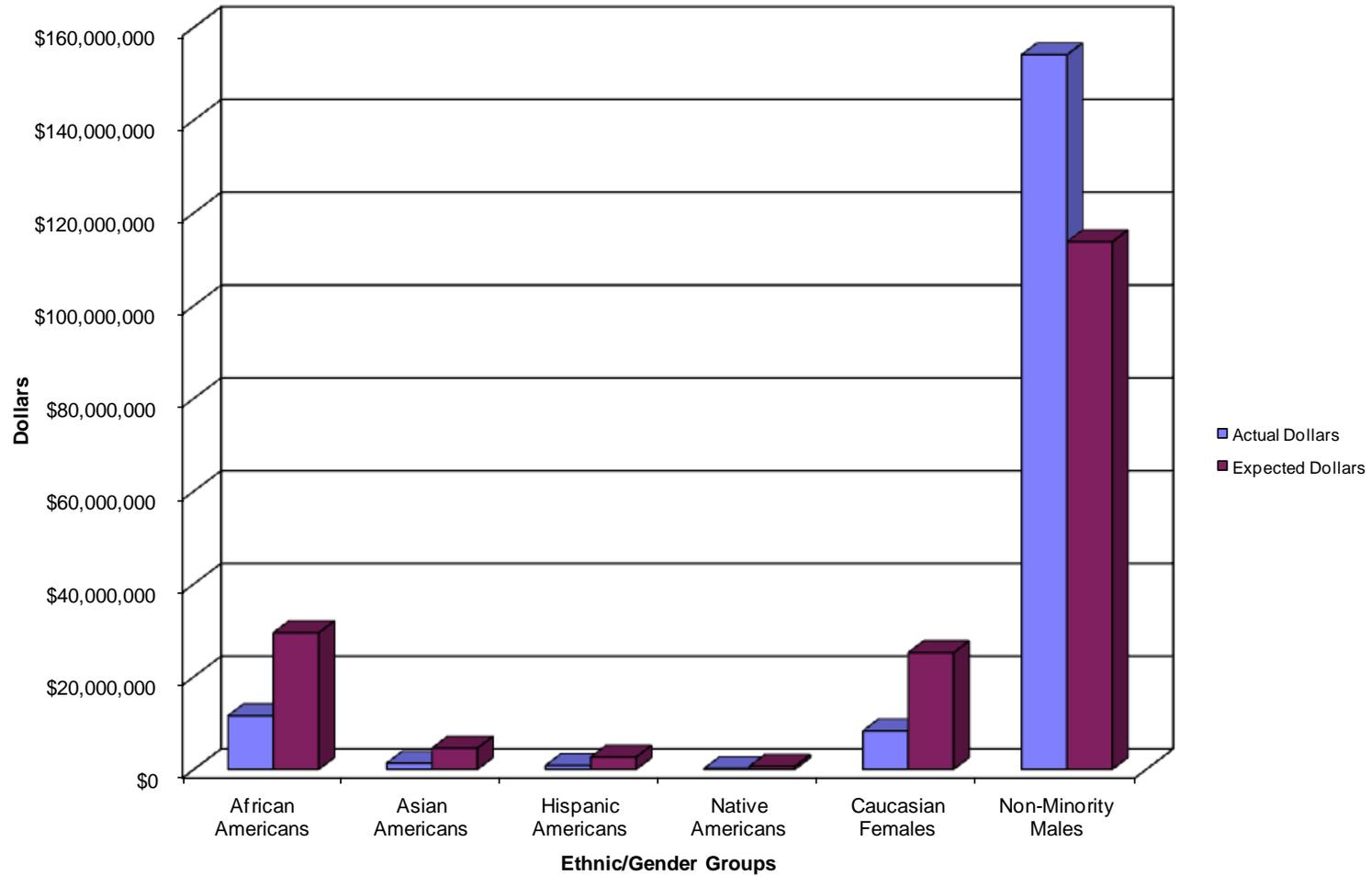
( † ) denotes a statistically significant overutilization.

( \*\* ) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority Males.

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

*Mason Tillman Associates, Ltd. May 2015  
City of St. Louis, Missouri  
Volume I – Disparity Study Final Report*

**Chart 6.05: Disparity Analysis: All Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**



*Mason Tillman Associates, Ltd. May 2015  
City of St. Louis, Missouri  
Volume I – Disparity Study Final Report*

## 2. Construction Prime Contracts Under \$500,000

The disparity analysis of construction prime contracts is described below and depicted in Table 6.07 and Chart 6.06.

*African Americans* represent 27.55 percent of the available construction businesses and received 4.21 percent of the dollars for construction prime contracts under \$500,000. This underutilization is statistically significant.

*Asian Americans* represent 0.54 percent of the available construction businesses and received none of the dollars for construction prime contracts under \$500,000. While this group was underutilized, there were too few available firms to determine statistical significance.

*Hispanic Americans* represent 1.88 percent of the available construction businesses and received 0.08 percent of the dollars for construction prime contracts under \$500,000. This underutilization is statistically significant.

*Native Americans* represent 0.54 percent of the available construction businesses and received none of the dollars for 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 30.51 percent of the available construction businesses and received 4.29 percent of the dollars for construction prime contracts under \$500,000. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 12.23 percent of the available construction businesses and received 6.83 percent of the dollars for construction prime contracts under \$500,000. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 42.74 percent of available construction businesses and received 11.12 percent of the dollars for construction prime contracts under \$500,000. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 57.26 percent of the available construction businesses and received 88.88 percent of the dollars for construction prime contracts under \$500,000. This overutilization is statistically significant.



**Table 6.07: Disparity Analysis: Construction Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$1,948,379	4.21%	27.55%	\$12,759,933	-\$10,811,554	0.15	< .05 *
Asian Americans	\$0	0.00%	0.54%	\$248,974	-\$248,974	0.00	----
Hispanic Americans	\$39,000	0.08%	1.88%	\$871,410	-\$832,410	0.04	< .05 *
Native Americans	\$0	0.00%	0.54%	\$248,974	-\$248,974	0.00	----
Caucasian Females	\$3,161,102	6.83%	12.23%	\$5,664,166	-\$2,503,063	0.56	< .05 *
Non-Minority Males	\$41,160,740	88.88%	57.26%	\$26,515,764	\$14,644,976	1.55	< .05 †
<b>TOTAL</b>	<b>\$46,309,222</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$46,309,222</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$354,585	0.77%	3.63%	\$1,680,577	-\$1,325,992	0.21	< .05 *
African American Males	\$1,593,794	3.44%	23.92%	\$11,079,357	-\$9,485,563	0.14	< .05 *
Asian American Females	\$0	0.00%	0.00%	\$0	\$0	----	----
Asian American Males	\$0	0.00%	0.54%	\$248,974	-\$248,974	0.00	----
Hispanic American Females	\$39,000	0.08%	0.40%	\$186,731	-\$147,731	0.21	----
Hispanic American Males	\$0	0.00%	1.48%	\$684,679	-\$684,679	0.00	< .05 *
Native American Females	\$0	0.00%	0.27%	\$124,487	-\$124,487	0.00	----
Native American Males	\$0	0.00%	0.27%	\$124,487	-\$124,487	0.00	----
Caucasian Females	\$3,161,102	6.83%	12.23%	\$5,664,166	-\$2,503,063	0.56	< .05 *
Non-Minority Males	\$41,160,740	88.88%	57.26%	\$26,515,764	\$14,644,976	1.55	< .05 †
<b>TOTAL</b>	<b>\$46,309,222</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$46,309,222</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$393,585	0.85%	4.30%	\$1,991,794	-\$1,598,210	0.20	< .05 *
Minority Males	\$1,593,794	3.44%	26.21%	\$12,137,498	-\$10,543,704	0.13	< .05 *
Caucasian Females	\$3,161,102	6.83%	12.23%	\$5,664,166	-\$2,503,063	0.56	< .05 *
Non-Minority Males	\$41,160,740	88.88%	57.26%	\$26,515,764	\$14,644,976	1.55	< .05 †
<b>TOTAL</b>	<b>\$46,309,222</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$46,309,222</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$1,987,379	4.29%	30.51%	\$14,129,292	-\$12,141,913	0.14	< .05 *
Caucasian Female Business Enterprises	\$3,161,102	6.83%	12.23%	\$5,664,166	-\$2,503,063	0.56	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$5,148,481</b>	<b>11.12%</b>	<b>42.74%</b>	<b>\$19,793,458</b>	<b>-\$14,644,976</b>	<b>0.26</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$41,160,740	88.88%	57.26%	\$26,515,764	\$14,644,976	1.55	< .05 †

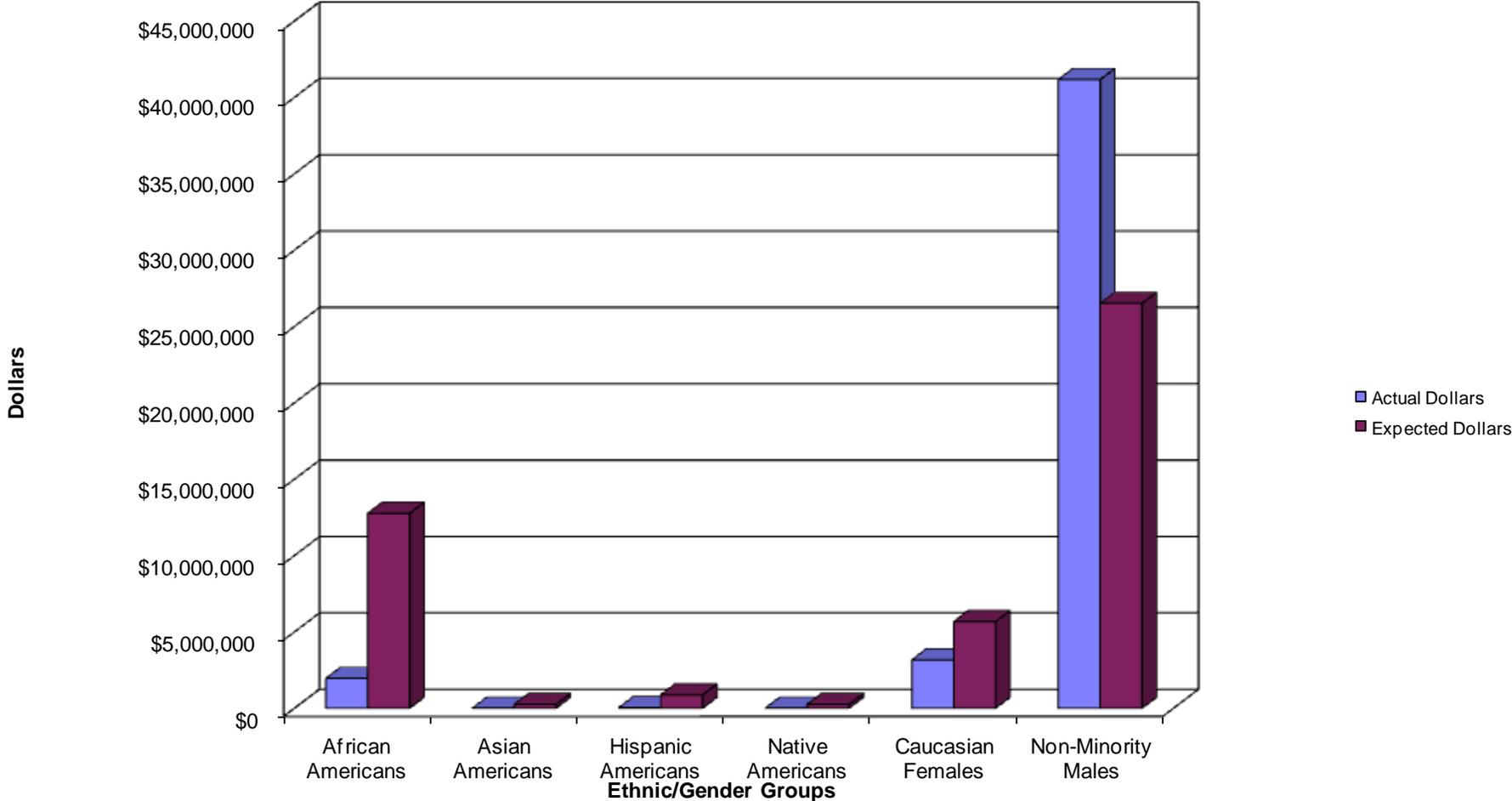
( \* ) denotes a statistically significant underutilization.

( † ) denotes a statistically significant overutilization.

( \*\* ) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority Males.

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

**Chart 6.06: Disparity Analysis: Construction Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**



### 3. Professional Services Prime Contracts Under \$500,000

The disparity analysis of professional services prime contracts is described below and depicted in Table 6.08 and Chart 6.07.

*African Americans* represent 19.73 percent of the available professional services businesses and received 6.08 percent of the dollars for professional services prime contracts under \$500,000. This underutilization is statistically significant.

*Asian Americans* represent 6.62 percent of the available professional services businesses and received 2.05 percent of the dollars for professional services prime contracts under \$500,000. This underutilization is statistically significant.

*Hispanic Americans* represent 2.97 percent of the available professional services businesses and received 0.28 percent of the dollars for professional services prime contracts under \$500,000. This underutilization is statistically significant.

*Native Americans* represent 0.68 percent of the available professional services businesses and received 0.4 percent of the dollars for 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 30 percent of the available professional services businesses and received 8.81 percent of the dollars for professional services prime contracts under \$500,000. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 23.78 percent of the available professional services businesses and received 7.16 percent of the dollars for professional services prime contracts under \$500,000. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 53.78 percent of available professional services businesses and received 15.97 percent of the dollars for professional services prime contracts under \$500,000. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 46.22 percent of the available professional services businesses and received 84.03 percent of the dollars for professional services prime contracts under \$500,000. This overutilization is statistically significant.



**Table 6.08: Disparity Analysis: Professional Services Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$2,445,780	6.08%	19.73%	\$7,934,730	-\$5,488,950	0.31	< .05 *
Asian Americans	\$826,041	2.05%	6.62%	\$2,663,026	-\$1,836,985	0.31	< .05 *
Hispanic Americans	\$111,520	0.28%	2.97%	\$1,195,644	-\$1,084,124	0.09	< .05 *
Native Americans	\$161,519	0.40%	0.68%	\$271,737	-\$110,219	0.59	----
Caucasian Females	\$2,879,307	7.16%	23.78%	\$9,565,154	-\$6,685,846	0.30	< .05 *
Non-Minority Males	\$33,792,957	84.03%	46.22%	\$18,586,833	\$15,206,124	1.82	< .05 †
<b>TOTAL</b>	<b>\$40,217,123</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$40,217,123</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$1,044,546	2.60%	7.84%	\$3,152,153	-\$2,107,607	0.33	< .05 *
African American Males	\$1,401,234	3.48%	11.89%	\$4,782,577	-\$3,381,343	0.29	< .05 *
Asian American Females	\$5,000	0.01%	2.16%	\$869,559	-\$864,559	0.01	< .05 *
Asian American Males	\$821,041	2.04%	4.46%	\$1,793,466	-\$972,426	0.46	< .05 *
Hispanic American Females	\$0	0.00%	0.68%	\$271,737	-\$271,737	0.00	----
Hispanic American Males	\$111,520	0.28%	2.30%	\$923,907	-\$812,387	0.12	< .05 *
Native American Females	\$161,519	0.40%	0.14%	\$54,347	\$107,171	2.97	**
Native American Males	\$0	0.00%	0.54%	\$217,390	-\$217,390	0.00	----
Caucasian Females	\$2,879,307	7.16%	23.78%	\$9,565,154	-\$6,685,846	0.30	< .05 *
Non-Minority Males	\$33,792,957	84.03%	46.22%	\$18,586,833	\$15,206,124	1.82	< .05 †
<b>TOTAL</b>	<b>\$40,217,123</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$40,217,123</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$1,211,065	3.01%	10.81%	\$4,347,797	-\$3,136,733	0.28	< .05 *
Minority Males	\$2,333,795	5.80%	19.19%	\$7,717,340	-\$5,383,545	0.30	< .05 *
Caucasian Females	\$2,879,307	7.16%	23.78%	\$9,565,154	-\$6,685,846	0.30	< .05 *
Non-Minority Males	\$33,792,957	84.03%	46.22%	\$18,586,833	\$15,206,124	1.82	< .05 †
<b>TOTAL</b>	<b>\$40,217,123</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$40,217,123</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$3,544,859	8.81%	30.00%	\$12,065,137	-\$8,520,278	0.29	< .05 *
Caucasian Female Business Enterprises	\$2,879,307	7.16%	23.78%	\$9,565,154	-\$6,685,846	0.30	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$6,424,167</b>	<b>15.97%</b>	<b>53.78%</b>	<b>\$21,630,291</b>	<b>-\$15,206,124</b>	<b>0.30</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$33,792,957	84.03%	46.22%	\$18,586,833	\$15,206,124	1.82	< .05 †

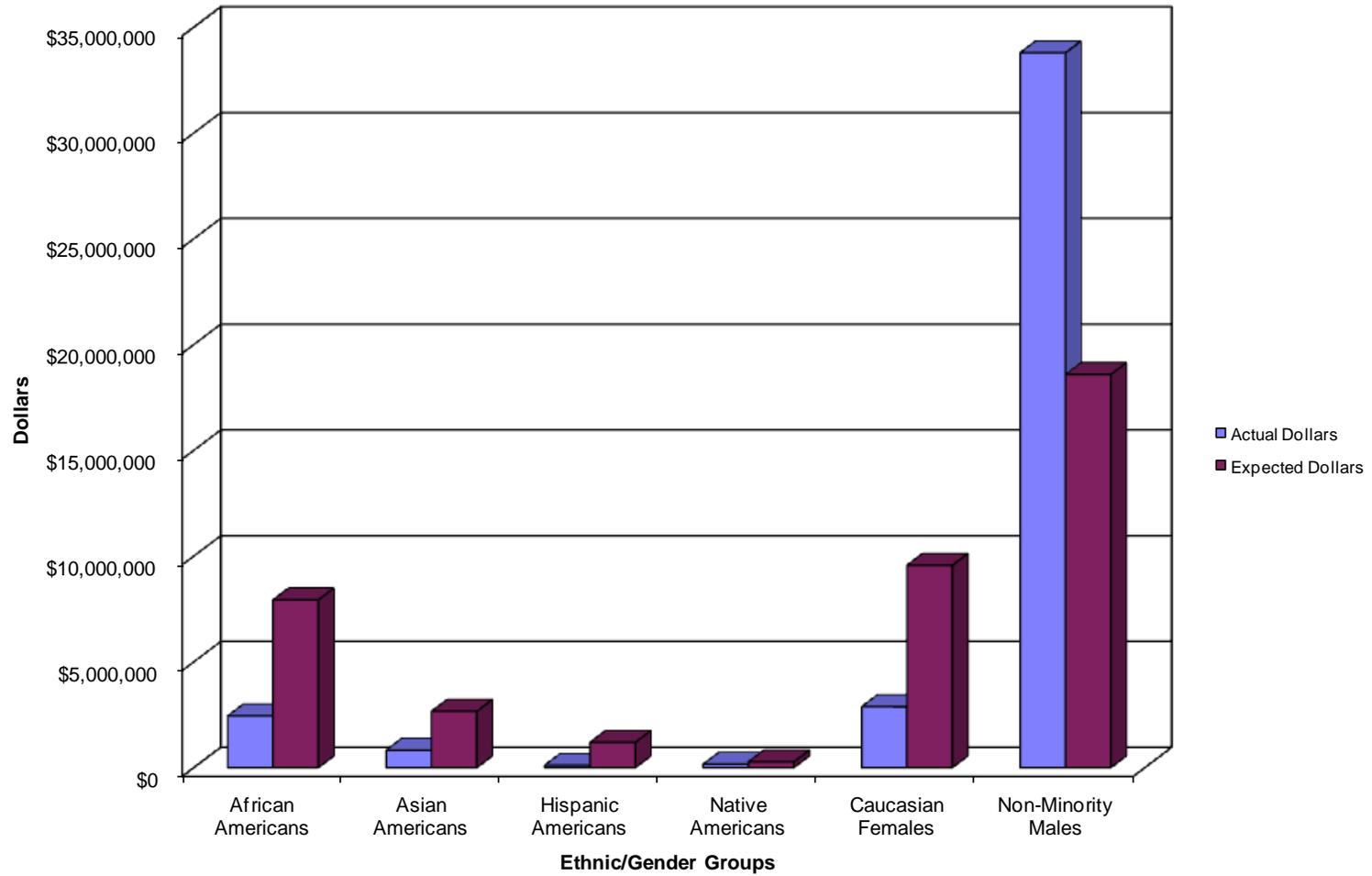
( \* ) denotes a statistically significant underutilization.

( † ) denotes a statistically significant overutilization.

( \*\* ) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority Males.

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

**Chart 6.07: Disparity Analysis: Professional Services Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**



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

The disparity analysis of goods and other services prime contracts is described below and depicted in Table 6.09 and Chart 6.08.

*African Americans* represent 10.48 percent of the available goods and other services businesses and received 7.98 percent of the dollars for goods and other services prime contracts under \$500,000. This underutilization is statistically significant.

*Asian Americans* represent 1.32 percent of the available goods and other services businesses and received 0.57 percent of the dollars for goods and other services prime contracts under \$500,000. This underutilization is statistically significant.

*Hispanic Americans* represent 0.91 percent of the available goods and other services businesses and received 0.74 percent of the dollars for goods and other services prime contracts under \$500,000. While this group was underutilized, there were too few available firms to determine statistical significance.

*Native Americans* represent 0.5 percent of the available goods and other services businesses and received 0.01 percent of the dollars for 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 13.2 percent of the available goods and other services businesses and received 9.3 percent of the dollars for goods and other services prime contracts under \$500,000. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 10.81 percent of the available goods and other services businesses and received 2.5 percent of the dollars for goods and other services prime contracts under \$500,000. This underutilization is statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 24.01 percent of available goods and other services businesses and received 11.79 percent of the dollars for goods and other services prime contracts under \$500,000. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 75.99 percent of the available goods and other services businesses and received 88.21 percent of the dollars for goods and other services prime contracts under \$500,000. This overutilization is statistically significant.



**Table 6.09: Disparity Analysis: Goods and Other Services Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$7,153,444	7.98%	10.48%	\$9,399,078	-\$2,245,634	0.76	< .05 *
Asian Americans	\$508,800	0.57%	1.32%	\$1,184,136	-\$675,336	0.43	< .05 *
Hispanic Americans	\$664,553	0.74%	0.91%	\$814,093	-\$149,540	0.82	----
Native Americans	\$10,915	0.01%	0.50%	\$444,051	-\$433,136	0.02	----
Caucasian Females	\$2,240,317	2.50%	10.81%	\$9,695,112	-\$7,454,794	0.23	< .05 *
Non-Minority Males	\$79,120,255	88.21%	75.99%	\$68,161,815	\$10,958,440	1.16	< .05 †
<b>TOTAL</b>	<b>\$89,698,284</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$89,698,284</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$20,943	0.02%	2.81%	\$2,516,288	-\$2,495,345	0.01	< .05 *
African American Males	\$7,132,501	7.95%	7.67%	\$6,882,789	\$249,711	1.04	**
Asian American Females	\$0	0.00%	0.41%	\$370,042	-\$370,042	0.00	----
Asian American Males	\$508,800	0.57%	0.91%	\$814,093	-\$305,293	0.62	----
Hispanic American Females	\$0	0.00%	0.41%	\$370,042	-\$370,042	0.00	----
Hispanic American Males	\$664,553	0.74%	0.50%	\$444,051	\$220,502	1.50	**
Native American Females	\$0	0.00%	0.17%	\$148,017	-\$148,017	0.00	----
Native American Males	\$10,915	0.01%	0.33%	\$296,034	-\$285,119	0.04	----
Caucasian Females	\$2,240,317	2.50%	10.81%	\$9,695,112	-\$7,454,794	0.23	< .05 *
Non-Minority Males	\$79,120,255	88.21%	75.99%	\$68,161,815	\$10,958,440	1.16	< .05 †
<b>TOTAL</b>	<b>\$89,698,284</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$89,698,284</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$20,943	0.02%	3.80%	\$3,404,390	-\$3,383,447	0.01	< .05 *
Minority Males	\$8,316,768	9.27%	9.41%	\$8,436,967	-\$120,199	0.99	not significant
Caucasian Females	\$2,240,317	2.50%	10.81%	\$9,695,112	-\$7,454,794	0.23	< .05 *
Non-Minority Males	\$79,120,255	88.21%	75.99%	\$68,161,815	\$10,958,440	1.16	< .05 †
<b>TOTAL</b>	<b>\$89,698,284</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$89,698,284</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$8,337,711	9.30%	13.20%	\$11,841,358	-\$3,503,646	0.70	< .05 *
Caucasian Female Business Enterprises	\$2,240,317	2.50%	10.81%	\$9,695,112	-\$7,454,794	0.23	< .05 *
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$10,578,029</b>	<b>11.79%</b>	<b>24.01%</b>	<b>\$21,536,469</b>	<b>-\$10,958,440</b>	<b>0.49</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$79,120,255	88.21%	75.99%	\$68,161,815	\$10,958,440	1.16	< .05 †

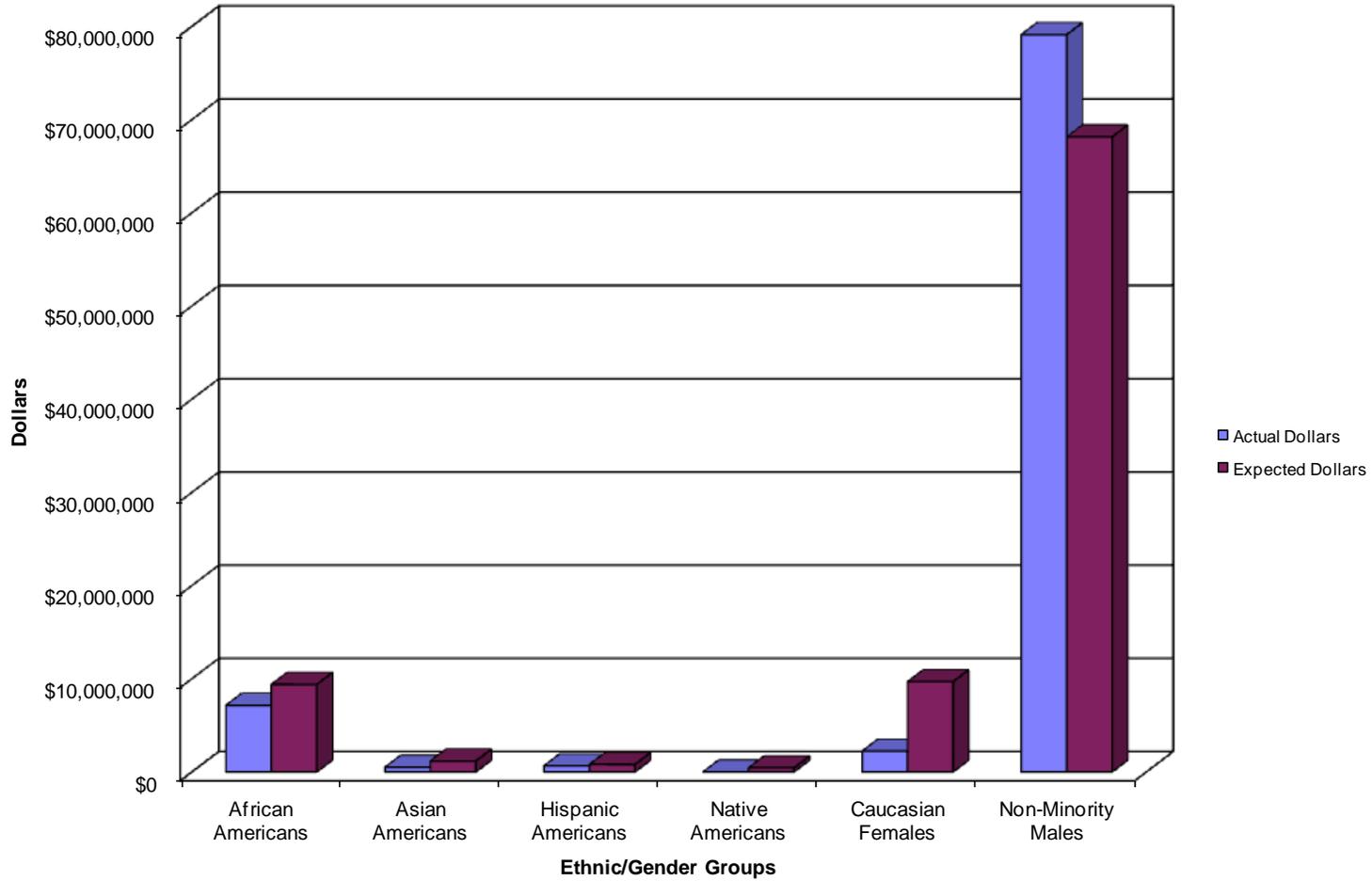
( \*) denotes a statistically significant underutilization.

( † ) denotes a statistically significant overutilization.

( \*\*) this study does not test statistically the overutilization of M/WBEs or the underutilization of Non-Minority Males.

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

**Chart 6.08: Disparity Analysis: Goods and Other Services Prime Contracts Under \$500,000,  
July 1, 2007 to June 30, 2012**



### **III. Disparity Analysis Summary**

#### **A. All Industries Prime Contracts**

As indicated in Table 6.10 below, disparity was found for each industry and all ethnic and gender groups, except Native American prime contractors, on all prime contracts regardless of contract value and all prime contracts under \$500,000.

**Table 6.10: Disparity Summary: All Industries Prime Contracts  
July 1, 2007 to June 30, 2012**

Ethnicity/Gender	All Industries	
	All Contracts	Contracts Under \$500,000
African Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Asian Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Hispanic Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Native American Business	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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



## **B. Construction Prime Contracts**

As indicated in Table 6.11 below, disparity was found for African American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise prime contractors on all construction prime contracts, regardless of contract value. Disparity was also found for African American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise prime contractors on construction prime contracts under \$500,000.

**Table 6.11: Disparity Summary: Construction Prime Contracts  
July 1, 2007 to June 30, 2012**

Ethnicity/Gender	Construction	
	All Contracts	Contracts Under \$500,000
African Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Asian Americans	----	----
Hispanic Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Native Americans	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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



### **C. Professional Services Prime Contracts**

As indicated in Table 6.12 below, disparity was found for African American, Asian American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise prime contractors on all prime contracts, regardless of contract value. Disparity was found for African American, Asian American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise prime contractors on professional services prime contracts under \$500,000.

**Table 6.12: Disparity Summary: Professional Services Prime Contracts  
July 1, 2007 to June 30, 2012**

Ethnicity/Gender	Professional Services	
	All Contracts	Contracts Under \$500,000
African Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Asian Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Hispanic Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Native Americans	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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



### **D. Goods and Other Services Prime Contracts**

As indicated in Table 6.13 below, disparity was found for Asian American, Minority Business Enterprise, and Caucasian Female Business Enterprise prime contractors on goods and other services prime contracts regardless to contract value. Disparity was found for African American, Asian American, Minority Business Enterprise, and Caucasian Female Business Enterprise prime contractors on goods and other services prime contracts under \$500,000.

**Table 6.13: Disparity Summary: Goods and Other Services Prime Contracts  
July 1, 2007 to June 30, 2012**

Ethnicity/Gender	Goods and Other Services	
	All Contracts	Contracts Under \$500,000
African Americans	Underutilization	Statistically Significant Underutilization
Asian Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Hispanic Americans	----	----
Native Americans	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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



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# **CHAPTER 7: SUBCONTRACT DISPARITY ANALYSIS**

## **I. INTRODUCTION**

The objective of the disparity analysis is to determine whether Minority and Woman Business Enterprises, hereinafter referred to as Minority and Caucasian Female Business Enterprises (M/WBEs), are utilized on the City of St. Louis (City) subcontracts at the level they are available in the market area. A detailed discussion of the statistical procedures for conducting a disparity analysis is set forth in *Chapter 6: Prime Contract Disparity Analysis*. The same statistical procedures are used to perform the subcontract disparity analysis.

Under a fair and equitable system of awarding subcontracts, the proportion of subcontractors and subcontract dollars awarded to M/WBEs should be relatively close to the proportion of available M/WBEs in the relevant market area. Availability is defined as the number of willing and able businesses. The methodology for determining willing and able businesses is detailed in *Chapter 5: Prime and Subcontractor Availability Analysis*.

If the ratio of utilized M/WBE subcontractors to available M/WBE subcontractors is less than one, a statistical test is conducted to calculate the probability of observing the empirical disparity ratio or any event which is less probable.<sup>1</sup> *Croson* states that an inference of discrimination can be made *prima facie* if the disparity is statistically significant.<sup>2</sup> Under the *Croson* model, Non-Minority Male Business Enterprises (non-M/WBEs) are not subjected to a statistical test.<sup>3</sup>

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<sup>1</sup> 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 statistical standards to be an acceptable level in determining whether an inference of discrimination can be made. Thus, the data analyzed here were done within the 95-percent confidence level.

<sup>2</sup> *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

<sup>3</sup> *Id.*



## II. **DISPARITY ANALYSIS**

As detailed in *Chapter 3: Subcontractor Utilization Analysis*, extensive efforts were undertaken to obtain subcontractor records for the City’s construction and professional services (which included architecture and engineering) contracts. However, due to the limitation in reconstructing the professional services subcontract data, the subcontract disparity analysis is limited to construction contracts only. The disparity analysis was performed on subcontracts issued from July 1, 2010 to June 30, 2012.

The subcontract statistical outcome descriptions are summarized below in Table 7.01. The outcomes of the statistical analyses are presented in the “*p-value*” column of the tables.

**Table 7.01: Statistical Outcome Descriptions**

<b><i>p-value</i> Outcome</b>	<b>Definition of <i>p-value</i> Outcome</b>
< .05 *	The underutilization is statistically significant
not significant	The underutilization is not statistically significant
----	There are too few available firms to test statistical significance
**	The statistical test is not performed for the overutilization of M/WBEs or the underutilization of Non-Minority Males
< .05 †	The overutilization is statistically significant
^	Denotes an underutilized group where there are too few available firms to produce a reliable finding



## **A. Construction Subcontracts**

The disparity analysis of construction subcontracts is described below and depicted in Table 7.02 and Chart 7.01.

*African Americans* represent 21.35 percent of the available construction subcontractors and received 12.54 percent of the construction subcontract dollars. This underutilization is statistically significant.

*Asian Americans* represent 0.48 percent of the available construction subcontractors and received 0.01 percent of the dollars for construction subcontracts. While this group was underutilized, there were too few available firms to produce a reliable finding.

*Hispanic Americans* represent 1.63 percent of the available construction subcontractors and received 0.07 percent of the construction subcontract dollars. This underutilization is statistically significant.

*Native Americans* represent 0.48 percent of the available construction subcontractors and received 0.02 percent of the dollars for construction subcontracts. While this group was underutilized, there were too few available firms to produce a reliable finding.

*Minority Business Enterprises* represent 23.94 percent of the available construction subcontractors and received 12.64 percent of the construction subcontract dollars. This underutilization is statistically significant.

*Caucasian Female Business Enterprises* represent 11.25 percent of the available construction subcontractors and received 7.71 percent of the construction subcontract dollars. This underutilization is not statistically significant.

*Minority and Caucasian Female Business Enterprises* represent 35.19 percent of the available construction subcontractors and received 20.35 percent of the subcontract dollars. This underutilization is statistically significant.

*Non-Minority Male Business Enterprises* represent 64.81 percent of the available construction subcontractors and received 79.65 percent of the construction subcontract dollars. This overutilization is statistically significant.



**Table 7.02: Disparity Analysis: Construction Subcontracts,  
July 1, 2010 to June 30, 2012**

<b>Ethnicity</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African Americans	\$14,793,430	12.54%	21.35%	\$25,176,640	-\$10,383,210	0.59	< .05 *
Asian Americans	\$12,169	0.01%	0.48%	\$567,041	-\$554,873	0.02	^
Hispanic Americans	\$83,753	0.07%	1.63%	\$1,927,941	-\$1,844,188	0.04	< .05 *
Native Americans	\$19,070	0.02%	0.48%	\$567,041	-\$547,971	0.03	^
Caucasian Females	\$9,095,723	7.71%	11.25%	\$13,268,770	-\$4,173,047	0.69	not significant
Non-Minority Males	\$93,940,477	79.65%	64.81%	\$76,437,187	\$17,503,289	1.23	< .05 †
<b>TOTAL</b>	<b>\$117,944,621</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$117,944,621</b>			
<b>Ethnicity and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
African American Females	\$1,984,243	1.68%	3.17%	\$3,742,474	-\$1,758,231	0.53	< .05 *
African American Males	\$12,809,187	10.86%	18.17%	\$21,434,167	-\$8,624,979	0.60	< .05 *
Asian American Females	\$6,669	0.01%	0.10%	\$113,408	-\$106,740	0.06	^
Asian American Males	\$5,500	0.00%	0.38%	\$453,633	-\$448,133	0.01	^
Hispanic American Females	\$0	0.00%	0.29%	\$340,225	-\$340,225	0.00	^
Hispanic American Males	\$83,753	0.07%	1.35%	\$1,587,716	-\$1,503,963	0.05	< .05 *
Native American Females	\$0	0.00%	0.19%	\$226,817	-\$226,817	0.00	^
Native American Males	\$19,070	0.02%	0.29%	\$340,225	-\$321,155	0.06	^
Caucasian Females	\$9,095,723	7.71%	11.25%	\$13,268,770	-\$4,173,047	0.69	not significant
Non-Minority Males	\$93,940,477	79.65%	64.81%	\$76,437,187	\$17,503,289	1.23	< .05 †
<b>TOTAL</b>	<b>\$117,944,621</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$117,944,621</b>			
<b>Minority and Gender</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Females	\$1,990,912	1.69%	3.75%	\$4,422,923	-\$2,432,012	0.45	< .05 *
Minority Males	\$12,917,510	10.95%	20.19%	\$23,815,741	-\$10,898,230	0.54	< .05 *
Caucasian Females	\$9,095,723	7.71%	11.25%	\$13,268,770	-\$4,173,047	0.69	not significant
Non-Minority Males	\$93,940,477	79.65%	64.81%	\$76,437,187	\$17,503,289	1.23	< .05 †
<b>TOTAL</b>	<b>\$117,944,621</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$117,944,621</b>			
<b>Minority and Females</b>	<b>Actual Dollars</b>	<b>Utilization</b>	<b>Availability</b>	<b>Expected Dollars</b>	<b>Dollars Lost</b>	<b>Disp. Ratio</b>	<b>P-Value</b>
Minority Business Enterprises	\$14,908,422	12.64%	23.94%	\$28,238,664	-\$13,330,242	0.53	< .05 *
Caucasian Female Business Enterprises	\$9,095,723	7.71%	11.25%	\$13,268,770	-\$4,173,047	0.69	not significant
<b>Minority and Caucasian Female Business Enterprises</b>	<b>\$24,004,145</b>	<b>20.35%</b>	<b>35.19%</b>	<b>\$41,507,434</b>	<b>-\$17,503,289</b>	<b>0.58</b>	<b>&lt; .05 *</b>
Non-Minority Male Business Enterprises	\$93,940,477	79.65%	64.81%	\$76,437,187	\$17,503,289	1.23	< .05 †

( \* ) denotes a statistically significant underutilization.

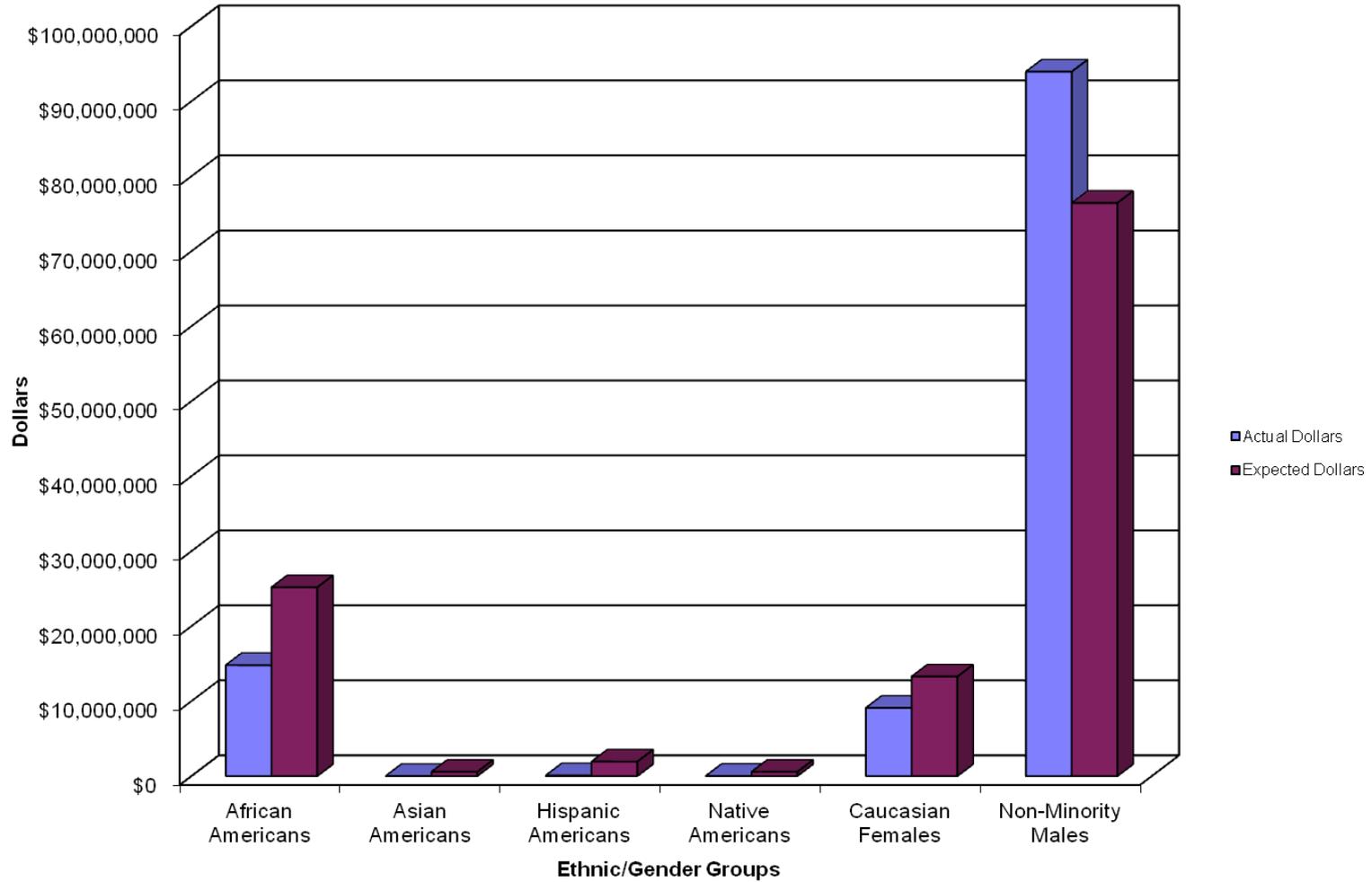
( † ) denotes a statistically significant overutilization.

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

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

( ^ ) denotes an underutilized group with too few available firms to produce a reliable finding.

**Chart 7.01: Disparity Analysis: Construction Subcontracts,  
July 1, 2010 to June 30, 2012**



### **III. SUBCONTRACT DISPARITY SUMMARY**

As indicated in Table 7.03, disparity was found for African American, Hispanic American, and Minority Business Enterprise subcontractors in the award of construction subcontracts.

**Table 7.03: Subcontract Disparity Summary,  
July 1, 2010 to June 30, 2012**

<b>Ethnicity / Gender</b>	<b>Construction</b>
African Americans	Statistically Significant Underutilization
Asian Americans	^
Hispanic Americans	Statistically Significant Underutilization
Native Americans	^
Minority Business Enterprises	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Underutilization

( ^ ) denotes an underutilized group with too few available firms to produce a reliable finding.



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# **CHAPTER 8: ANECDOTAL ANALYSIS**

## **I. INTRODUCTION**

This chapter presents anecdotal testimony gathered through in-depth, one-on-one interviews. The anecdotal testimony was analyzed to supplement the statistical findings and to disclose any private sector or procurement practices that might affect access of Minority and Woman Business Enterprises, hereinafter referred to as Minority and Caucasian Female Business Enterprises (M/WBEs), to contracts let by the City of St. Louis (City).

The importance of providing anecdotal testimony as evidence of discrimination was stated in the landmark case of *City of Richmond v. J.A. Croson Co.*<sup>1</sup> (*Croson*). The United States Supreme Court, in its 1989 *Croson* decision, 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 *Croson*, 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.”<sup>2</sup>

Anecdotal testimony of individual discriminatory acts, when paired with statistical data, can document the routine practices affecting M/WBEs’ access to contracting 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 which they believe exist within the market area, including the effect on the development of M/WBEs.

Outreach was conducted to secure potential anecdotal interviewees. The strategies included soliciting the involvement of business owners from community business meetings, and contacting prime contractors, subcontractors, and suppliers that received a City contract to determine their willingness to participate in an interview.



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<sup>1</sup> *City of Richmond v. J.A. Croson Co.*, 488 U.S. 509 (1989).

<sup>2</sup> *Id.*

## **A. Anecdotal Evidence of Discrimination - Active and Passive Participation**

*Croson* authorizes anecdotal inquiries along two lines. The first approach investigates active government discrimination or acts of exclusion committed by representatives of a governmental entity. The purpose of this examination is to determine whether the government has committed acts that have prevented small businesses and M/WBEs from obtaining contracts.

The second line of inquiry examines the government's passive support of exclusionary practices that occur in the market area into which its funds are infused. Passive exclusion results from government officials knowingly using public monies to contract with companies that discriminate against M/WBEs, or failing to take positive steps to prevent discrimination by contractors who receive public funds.<sup>3</sup> Anecdotal evidence of passive discrimination pertains to the activities of private-sector entities.

The Tenth Circuit Court of Appeals has cautioned that anecdotal evidence of discrimination is entitled to less evidentiary weight because the evidence concerns more private than government-sponsored activities.<sup>4</sup> Nonetheless, when paired with appropriate statistical data, anecdotal evidence of either active or passive forms of discrimination can support the imposition of a race or gender-conscious remedial program.<sup>5</sup>

Anecdotal testimony in combination with statistical data to support a race or gender-conscious program has value 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."<sup>6</sup> Anecdotal evidence 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, according to *Croson*, can identify specific generic practices that can be implemented, improved, or eliminated in order to increase contracting opportunities for businesses owned by all citizens.

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<sup>3</sup> *Croson*, 488 U.S. at 491-93, 509.

<sup>4</sup> *Concrete Works of Colorado v. City and County of Denver*, 36 F.3d at 1530 (10th Cir. 1994): "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."

<sup>5</sup> *Croson*, 488 U.S. at 509.

<sup>6</sup> *Id.*



## **B. Anecdotal Methodology**

The methods used to elicit anecdotal information consisted of conducting one-on-one interviews from attendees at the business community meetings who indicated an interest in being interviewed, as well as from trade and union representatives requested by the City. All of the business owners were located in the market area, which was determined to be the City of St. Louis and St. Louis County. The determination of the market area is described in *Chapter 4: Market Area Analysis*. The trade and union interviewees represented organizations that were also located in the market area.

## **II. INTERVIEWEE RESPONSE CATEGORIES**

Statistical data combined with anecdotal evidence can adequately establish a compelling governmental interest to justify an affirmative action program.<sup>7</sup> Anecdotal evidence alone cannot be proffered as justification for race or gender-conscious remedial measures.<sup>8</sup>

The interviewee responses are categorized in this report as follows:

- Racial barriers
- Difficulty with the contractor community and the “good old boys network”
- Inadequate lead time
- Prime contractors avoiding M/WBE Program requirements
- Barriers to financial resources
- Late payments from prime contractors
- Comments about the M/WBE Program
- The City’s exemplary business practices
- Public sector vs. private sector experiences
- Suggestions and recommendations to increase M/WBE participation on the City’s contracts

Anecdotal testimony from business owners and trade and union representatives domiciled in the market area is presented below.

### **A. Racial Barriers**

A minority male owner of an architecture and engineering company reported that a prime contractor would lease his trucks to minority contractors at a rate that would prevent them from making a profit:



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<sup>7</sup> *Northern Contracting Inc. v. Illinois Department of Transportation*, 473 F.3d 715 (2007) quoting Majeske, 218 F.3d at 822.

<sup>8</sup> *H.B. Rowe Company v. North Carolina Department of Transportation*, 615 F.3d 233, Court of Appeals, Fourth Circuit (N.C.), July 22, 2010.

*I worked with a concrete company that also did hauling. He got to know me so he would boast about what he was doing and how savvy and smart he was. He told me that he leased the trucks he owned for hauling material, rock, or sand. He leased them to minority haulers. He would purposely price his company trucks at an unprofitable rate because he would make up for it elsewhere on the job. Sometimes he would make it up by selling the concrete. He boasted that the minority contractors really wanted to work and stay busy so they accepted the rate.*

---

A minority female owner of an architecture and engineering firm reported that her company is held at a different standard because of its designation as an MBE and DBE:

*When we go into a situation, they assume that because we have the designation MBE or DBE that we are truly at a disadvantage in terms of our abilities. We are not given an opportunity to help resolve any issues. Often we are required to spend an inordinate amount of time and resources proving that we were not wrong. We are not given an opportunity to help resolve the situation whether it was our fault or not. Often there is a feeling of ill will, like we did something wrong. I tend to assume that it's because of my color. There is an expectation that minority-owned companies do not know what they're doing. They're just a box to check off on a project requirement.*

---

**B. *Difficulty with the Contracting Community and the “Good Old Boys Network”***

A minority female owner of an architecture and engineering company reported that she is unable to compete with larger firms because they can obtain cheaper rates when renting equipment:

*As a prime contractor, we are only about three years old. So, we don't have the long-term relationships with suppliers. But it's very well-known that suppliers have two to three tiers of pricing structures based on relationships where certain contractors get preferred pricing with our supplier. We can't be competitive on bids if someone else can rent the same equipment for \$50 a day and I get charged \$75 a day. I can't be anywhere near as competitive.*

---



A minority female owner of a professional services firm believes that members of the good old boys network are the preferred consultants in her industry:

*I think they like the good old boys better. They get preferential issue. The CPA firms are mostly male-owned and dominated.*

---

A minority male owner of a professional services company believes that the good old boy network is supported when minorities are not represented at upcoming contract opportunity meetings:

*I can give a good example of a good old boy network. At the City of St. Louis, I went to the meeting at the airport. They were doing a presentation on the redevelopment of the airport. In the room of about 40 people, I was the only minority and they were talking about upcoming redevelopment work at the airport. And I'm thinking, wait a minute, I know there are African-American intermediaries, construction companies, architects, and real estate agents. How come everybody in this room is white? I was dumbfounded because if somebody had not invited me, there would have been zero African-Americans at that meeting.*

---

A Caucasian female owner of a goods and other services company explained why she has found it difficult to compete with the good old boy network:

*Decisions are made in the backroom. That is where stuff is bought, not by the owners, but the good old boys in the backroom. And they go out drinking, hunting, or fishing. Those are my competitors, and I can't compete in that market. The good old boy network is always alive, and we can't compete because we don't go on hunting trips. Our technical expertise is as good as the good old boys, but they have a couple steps ahead of us on as far as how they do business. And the good old boys stick together. That network is alive and well.*

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A minority female owner of an architecture and engineering company believes that members of the good old boy network receive information on upcoming opportunities before they are advertised:

*So often when we call to try and get a business partner, I will call [name withheld] for example, and I will say, "Hey, I am looking to team on a certain project." And they say we already have a team together and tracked that project for months. Well, if you've been tracking it for months, clearly, you had some advance information from somebody through your connections.*

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### **C. Prime Contractors Avoiding M/WBE Program Requirements**

A minority male owner of an architecture and engineering company provided an example where a prime contractor shopped bids:

*We used to fax in our bids and did not e-mail them. We found out that since our pricing was competitive, they claimed that they used us. Instead they would bait and switch. They would use our bid with another contractor to get a lower bid. I'm not going to give names, but I also know of prime contractors that claim we worked with them, but really worked with someone else. Sometimes they get caught and sometimes they don't. It's water under the bridge and don't focus on it or complain because then you can get blacklisted which can create a lot of problems.*

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A minority male owner of a professional services company reported that some prime contractors are not honest in meeting their good faith effort requirements:

*For example, if you are a minority and you bid on a contract with the City of St. Louis, they have a five percent goal for women and 25 percent for minorities. A lot of the majority companies will say we can't find qualified minorities. That is a lie. The truth is that they are not doing their due diligence to go out there and find them. How the hell you going to say you can't find any qualified minorities and you want to start work when you haven't done any due diligence.*

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A minority female owner of an architecture and engineering company reported that prime consultants have listed her company as a subconsultant even though they have no intent of working with her firm:

*They will say, sign these forms to verify our subcontract amount on a project. I wish I could tell you how many times a prime contractor has listed us as being a part of a project, and they didn't contact us at all. Or we thought we were going to be on the project for \$30,000 and we only get \$10,000. I mean it happens all of the time. It enrages me when they use me and stick my name down to make their proposal look good without giving the respect of contacting me and asking permission to use my name and submit it to the City.*

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A minority female owner of an architecture and engineering company reported that some prime contractors call for a last minute quote to meet good faith requirements:

*We often will get calls at the last minute to respond to a proposal. And in some cases we get calls at the last minute from really good business partners because they made a last-minute decision and they're comfortable with us. But, the majority of the calls are from people at the last minute so they can say their good faith effort is done. This happens on qualifications-based proposals as well as hard bids for construction. We do not have adequate lead time to respond. Depending on the size and the type of the project, the proposal is due in two weeks.*

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## **D. Barriers to Financial Resources**

### **1. Difficulty Obtaining Financing**

A minority male owner of a construction company reported that he was not able to receive a loan from a financial institution:

*The banks wouldn't even talk to me. They would not help me at all, because I didn't have any collateral and my company is small.*

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A Caucasian female owner of a goods and other services company reported that a financial institution collected its collateral after she lost her major client:

*We did have some financial setbacks when I lost my largest client. I called the banker and that night they seized all of my assets with probably a half a million dollars in the bank. My loans were all tied to my receivables. Basically, they put me out of business that day. I had to let go of all my staff. We had a 3,000 square foot building. The building appraised at \$1.4 million, but we couldn't sell it overnight and he took my building. I said, give me three to six months, I'll turn this around. Four months later, we got a multi-million dollar, multi-year contract. I believe they treated me like that because I'm a woman. They would never have done this to a man.*

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## 2. Barriers to Bonding and Insurance

A minority male owner of a professional services company explained why he believes minority contractors are not provided the same bonding rates as their Caucasian counterparts:

*Most majority companies are essentially white-owned, and they have good credit since they have been around for a while. They can get a 1 percent bond. But a minority company standing alone cannot get a 1 percent bond because they just don't qualify. More should be done to help minority companies in the area of bonding to get them access. They can go to [financial institution names withheld], but they we will not get a 1 percent bond. And because we do hard-to-place bonding, the lowest I can get them is about 2.5 percent.*

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A male representative of a building trade union believes that lack of access to bonding is an issue with small companies, but not necessarily minority firms:

*Members in our organizations don't have to be bonded because they are a part of the union. We provide the workforce for contractors, but we do know that there are some disadvantaged businesses that have a difficult time, especially in the last five or six years, obtaining bonding. I think that these companies are small in nature. Financially, they are not stable to take on some of the projects in which they're trying to bid. I do think that the people in the minority community that are bondable have proven track records and have been around for some time. But some of the smaller companies definitely have difficulty obtaining bonding.*

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A minority male owner of a construction company reported that he has not been able to obtain bonding because of the size of his business and lack of collateral:

*As a very small company, I couldn't get bonding. Since I don't own a home, bonding was next to impossible for me to get.*

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A male representative of an electrical trade association explained that his members, especially those from minority firms, have difficulty obtaining bonding:

*Any start-up contractor has trouble securing bonding. Bonds are not insurance policies. They were designed for an outside company to look at your resources and determine if they have the capacity to do the work. For example, one of my members might have total assets of \$100,000, own their home, and use it as collateral to cover a bond. They have already exceeded their cash flow. So, a bond is not only hard to get, it's impossible. So, very often we are asking a*



*general contractor or a majority contractor to agree to artificially cover the bond for the startup firm or the growing minority firm. But it's no longer a bond in that situation even though it really is. What that larger company is really doing is agreeing to indemnify the company for risks that they shouldn't be taking. And again, I'll use bonding as part of that financial equation that's led so many of our minority contracts to fail. At some point in time if they don't make their wages, maintain their fringe benefits, or pay their suppliers and someone notifies the bonding company, their credit is instantly stopped. I think that either providing alternatives to bonding or waiving the bonding requirement could be huge to minority contractors. Ultimately, if the minority company is to grow rapidly, bonding assistance needs to happen.*

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A minority male owner of a construction company reported that he was required to obtain insurance coverage that exceeded his subcontract award:

*With the Airport Authority they wanted us to get a \$5 million general liability policy on a \$29,000 job. The policy would have cost more than the job. We had \$2 million in general liability coverage. But I could not afford to get the policy on a \$29,000 project. The prime contractor could have covered us under their insurance. We did ask them, and they said no.*

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### **E. Late Payments from Prime Contractors**

A minority male owner of a construction company reported that he had to resort to legal action to force a prime contractor to pay his invoice:

*My contractor was unscrupulous, because I had to sue them to get paid. He was just a bad contractor. I actually had to get an attorney to get paid.*

---

This same business owner reported that he received assistance from the Airport Authority regarding a late payment from another prime contractor:

*We had a hard time getting paid on another project, and it almost put us out of business. I worked for six months without payment, and it was very difficult on me. We complained to pretty much everybody on the list at the Airport Authority that we could find. The DBE lady on the job held this guy's money until we finally got paid.*

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A minority female owner of an architecture and engineering company reported on several instances where prime consultants were late paying her invoice. She also described the assistance she received from the City to secure payment:

*I can tell you that there have been times on City projects within the last 10 years where we had prime consultants not pay us within the specified timeframe. But they were resolved by the City. They aided by telling the prime that since we had not been paid they too would not get paid. I had to call the City and ask, “When did this person get paid on the invoice?” And they said that they got paid two months ago.*

*There was another situation where we had a dispute with a prime consultant. The Comptroller’s Office did us the courtesy of holding up the entire payment to the prime while the dispute was being resolved. Late payments particularly impacts MBEs and WBEs because many of us do not have the cash flow or the resources to absorb the impact.*

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#### **F. Comments on DBE Certification Issues**

A minority female owner of a professional services company reported that the process for obtaining her DBE certification took longer than with other government agencies:

*The only problem I had with the DBE certification was that it took too long to obtain initially. But I was renewed on a timely basis. But the first one took a little longer than other government offices.*

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A minority male owner of an architecture and engineering company explained why it took almost six years to obtain his DBE certification with the Airport Authority:

*We got a letter and it was apparent that it was going to be difficult to get a certification. The crux of the letter indicated that I was incompetent to run a business, and we were denied DBE/MBE certification from the City of St. Louis Airport Authority. Yet, I’m an architect with an architectural degree. Nevertheless, I was not competent or capable. At that time, the company was not big, maybe \$300,000 to \$500,000 a year at the most. But now we have \$5 million in annual revenues. So now, I’m no longer incompetent. I tried to work for the City, but it is very difficult because of the cold shoulder with that group and its bureaucracy. We simply focused our attentions and most of our resources to other cities. We don’t want to waste our time with breaking down a brick wall when we can just go and find opportunities elsewhere.*

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*So, I have to be frank with you that we pursued opportunities with the City, but not with great vigor because we didn't feel like we were welcome. We did not appeal the decision, which was rigged and skewed. We did not want to spend the time and money fighting it. We didn't get any work with the City of St. Louis, so we went to other cities and organizations that we felt were genuine and truly more welcoming. After years of obtaining certifications elsewhere and going about our business, we received an invitation from the City of St. Louis Airport Authority for certification. We did submit an application, and we were approved. So, we've only been certified for [duration withheld], but we've been in business since 2007 with revenues from \$2 to \$5 million.*

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A Caucasian female owner of a goods and other services company reported that she was approached to be a front for a fee:

*I absolutely know about fronts. We were building the [project name withheld]. I was called by a sprinkler company, and they said, "Can we run this business through you and just use your paperwork? This is how we'll meet the goal." So, I said, absolutely not. I do not believe in that. And the guy says that it's an easy \$10,000 for you. I just need your paperwork. I said, no, I will not do that. And he goes, well, that's fine. I'll go to the next person on the list.*

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### **G. Comments about the City's M/WBE and DBE Programs**

A Caucasian male owner of a construction company described the effort his company expended to partner with the Airport Authority to support its DBE program:

*We have made a real concentrated effort over the last two years to be involved with the programs with the Airport Authority and the Minority Business Council. We worked with these groups to understand these groups and their roles in helping to promote minority and women-owned business in St. Louis. I have been in construction for 30 years and for the longest time there was a real adversarial relationship. It was them against us. And it wasn't until about two years ago when we needed to work together, and we took a whole different view on what they were trying to do and their goals. We try to identify start-up minority or women-owned businesses in our industry and meet with them on a fairly regular basis. We bring them to our company, but I hesitate to call it a mentoring program because we don't want them to really be a part or an extension of our company. We need them to stand alone, and that is what we explain to them. We will help them, but we need them to be able to go out and work for other companies like us.*

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*It's a real challenge on a lot of different levels. The majority of the contractors are smart individuals when it comes to their field operations. They understand what it takes to put duct work in or to do plumbing. They understand there is an opportunity to start a business, but they don't understand necessarily the business or the financial side. It's very difficult for them to establish lines of credit, understand bonding and payroll. It can take them two or three weeks to figure out the pay application and get it through a system. And all of a sudden now they have to carry payroll for four or six weeks, and they don't have the line of credit to do it. When we bid a project, contractors don't want to hear that it's going to cost more to include minority participation. Our minority subcontractors cannot complete a scope of work as competitively as we can or at the same rates that we can. We have established crews and guys that have worked for us for 18 years. They know our systems and equipment. They don't have the resources or the equipment that we have, so when we tell them well we can do this but it's going to cost you more money they don't want to hear that. Then our goal becomes how do we help them?*

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This same business owner further elaborated about one individual at the Airport Authority who explained the program in detail to him:

*[Name withheld] at the Airport Authority's office has one of the most thankless jobs in this whole industry. If she does her job right, you don't hear about it, but when she does it wrong, everybody knows about it and they jump down her throat. The poor gal just sometimes can't win. I had a chance to sit down to understand her program and that opened a whole new light for us on how we approach our projects. I didn't understand what was going on with the DBE program until I finally had a chance to sit down with her and understand what their goals were and what she was really trying to do and how we could work with her. She does a great job.*

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A minority male owner of a professional services company reported that the City's position on joint ventures can prevent M/WBEs and DBEs from teaming as prime contractors:

*The City of St. Louis DBE Program is a little bit stringent. They frown upon joint ventures because of unknown reasons. A joint venture can change how a minority or disadvantaged business can grow. It's very hard to grow a business especially trying to explain our capital so they can make sure we are a legitimate minority business. I was in a meeting where the majority firms were saying*



*we can't find enough minority truckers. That was a lie because in that room were minority truckers.*

---

A minority male owner of an architecture and engineering company reported that obtaining DBE and MBE certifications was a major factor in sustaining his firm:

*The MBE and DBE certification significantly helped us maintain and hold onto revenue. We were able to rely upon those opportunities resulting from goal or participation requirements. Pre-2007, one of the reasons why it was beneficial to gain the DBE certification from other agencies was the Airport Authority's DBE agency would harass you and ask for lots of information, reports, and different things which were hassles. Now, I think that things have improved.*

---

A male representative of a building trade association believes that M/WBE programs in general are beneficial for minorities and women:

*I think there are huge opportunities for minority and women-owned contractors to do union projects. I don't believe we had as much interaction with the M/WBE programs in past years as we do today. So it's definitely moving in a positive direction. Contractors are begging for people of color and women that are up to par. They have more opportunities than white males, if they are proficient in what they do.*

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A minority male owner of a construction company described how the revenue for his company increased after he obtained his DBE certification:

*The DBE program was extremely valuable. Before my DBE certification my company did about \$50,000 a year, and last year we did about a million. The opportunities are immense. From 1994 to 2010 I bid on the same jobs and never got one of them. As soon as I got my minority status, I got almost every job I bid. When I was a white man I couldn't get a job. Now that I am an Indian, they throw work at me.*

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A male representative of an electrical trade association believes that M/WBE subcontracting goals can be a deterrent for prime contractors:

*Many contractors believe that everybody deserves the opportunity to do things well. On the flip side, they believe that the recent goals are unattainable and unrealistic which drives a lot of abuse in the system. Smaller businesses have simply chosen not to do public work because they know that they cannot reach the published goal. By the time those goals come down to the subcontractor level they don't look much like goals anymore, but quotas.*

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A Caucasian female owner of a goods and other services company believes the M/WBE program is beneficial for small businesses. She also explained how the attainment of an M/WBE goal can be misleading:

*The M/WBE program is definitely valuable and needed. There is still a great deal of disparity out there. But I think where the City of St. Louis is weak is they don't have a way of controlling the construction projects. I think they trust that the prime contractor is doing the job to meet their goals. But they are meeting their goals with one woman-owned firm, [company name withheld]. It was her grandpa's company, then her daddy's company, and now her company. I know she is a strong person and leader, but she flat out said these WBE goals numbers are skewed because we got a big contract with Metropolitan Sewer District.*

---

A minority male owner of an architecture and engineering company explained why he stopped responding to a City proposal:

*Previously, I never went after proposals with the City because I felt that the door was closed long ago. Now that we are certified, I feel like maybe the door is back open. The M/WBE program has the appearance that work has opened up in the City of St. Louis. Before that, opportunities for minorities with the City were closed. I feel that I should be competing with other firms who are small or of my size that are MBEs and WBEs. I don't believe that it should be an entitlement system or a handout system.*

---

A minority female owner of an architecture and engineering firm reported that the City's affirmative action programs are valuable but explained how more outreach could make them more beneficial for M/WBEs:

*The M/WBE program is valuable because often African-Americans and other people of color don't have the same connections when they start up their business as their counterparts. This gives us an*



*opportunity to get on a project; absent a program we would not get the capacity to work on those projects. We have an M/WBE certification with the City and a DBE certification with the Lambert Airport Authority. DBE contractors work on federally funded projects. They are bigger projects. And they have afforded us an opportunity to make a name for ourselves and gain experience in a lot of different areas. I know that the City is committed to their M/WBE and DBE programs. I think that there are ways that they could send a stronger message to the business community. Since the City has not had a lot of work over the last few years, some prime companies have become complacent and have not really looked for opportunities to involve MBEs and WBEs.*

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## **H. Exemplary Business Practices by the City**

A minority female owner of a professional services company reported on attending a training for M/WBEs that was hosted by the City:

*The DBE Program offered training for smaller and minority businesses. They invited different speakers on how to improve on their business process and how to get business with the City.*

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A minority male owner of a construction company commended several City departments and programs:

*[Name withheld] from a professional engineering association and all the people at the St. Louis County Health Department including [names withheld] from the St. Louis County Health Department have been very helpful. I could do this all day. Everyone in the minority business program has very helpful. The airport programs are just wonderful too.*

---

This same business owner reported that a prime contractor has assisted him with loans to keep his business solvent:

*There is a larger contractor here in town who has worked with me by loaning my company money and equipment. This has made it possible for me to bid more work. He loans me money, and I pay him back. We are working on a mentoring agreement.*

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A male representative of an electrical trade association reported that mentor relationships have benefited his minority members:

*I think the minority contractors that have found a good mentor relationship have done the best for a number of reasons. First, they have expertise available to them, and they don't have to learn by the school of hard knocks.*

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## **I. Private Sector Experiences**

A male representative of an electrical trade association explained why he believes working in the public sector is more difficult for small and minority companies:

*Because of substantial retainages and bonding requirements, the public sector is a very expensive marketplace to get into. Most small start-ups are young white contractors that don't go into public work. It usually takes a company with some resources to be able to handle the overhead of doing public work. We've created a beautiful opportunity in public work for the minority companies by giving them access to it. But they still can't perform the work profitably.*

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This same representative reported that the majority of his minority members prefer working in the private sector:

*Most minority companies feel that private enterprise is much more flexible and supportive than the City work environment.*

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A minority female owner of a professional services company reported that the private sector has been profitable for her because she is often contacted by prime contractors for work:

*I am involved with a lot of small businesses in the private sector. There is an absolute profit, and as a subcontractor, the prime contractors reach out to me. Most of the projects that I have worked resulted in prime contractors contacting me in some way or another.*

---

A minority male owner of an architecture and engineering company described the benefits and disadvantages associated with working in the public sector:

*Our St. Louis experience was so extraordinarily negative that we had to develop business with clients in other geographic areas. We were so gun shy from this area. The business and revenues that we have received are really from other geographic areas, throughout Illinois, Missouri, Arkansas, Nebraska, and Kentucky. A lot of our*



*work was as a prime contractor. But in the public sector, our MBE and DBE certifications saved us through the recession.*

---

A minority male owner of a construction company reported that most of the private sector projects he worked on in the past have been small contracts:

*I only did small projects for about \$50,000 to 60,000 a year. I did a little work for the government but nothing to speak of, maybe \$10,000 here and there. Most of my work was with private companies.*

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A male representative of an electrical trade association reported that some of his members no longer work in the public sector because of the minority participation requirements:

*I think the public sector simply exaggerates the frustration of working in the construction industry because of the minority compliance requirements. And unfortunately, some of the best companies and most creative companies simply take themselves out of the game. I should also in fairness tell you that my most successful minority contractors do little public work by design. He has deliberately excluded himself from anything where there is a published minority set aside or program in place. I won't say in the private market place he has not worked with some owners that have a company goal to improve their minority participation. But he has never done a job in the public sector as a set aside and refuses to qualify as a minority contractor. And he is doing very well as a 100 percent Black-owned company.*

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A Caucasian female owner of a goods and services company reported that her business thrived in both the public and private sectors:

*I was successful in the private sector because we grew with [company name withheld]. Also, we pretty much built our business with the Metropolitan Sewer District because we sold a lot of gas monitors. Not because we were woman-owned.*

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## **J. Recommendations to Increase M/W/DBE Participation on the City's Contracts**

A minority male owner of a professional services company recommends providing mobilization costs for subcontractors:

*I responded to a proposal for the City of St. Louis, and it was apparent that there needs to be adjustments to payment schedules of prime contractors. This is because subcontractors can maintain their cash flow and payroll so they won't drown in debt because they work on a major project. Sometimes they have to file bankruptcy at the end because they did not get the cash flow that they were supposed to get. We want the minority companies to pull themselves up by the boot straps. This is very hard because they can't get access to the resources at the costs they need to get for a bond at 1 to 1.5 percent. There needs to be some venture protégé programs put in place. All of these things would help grow MBEs, WBEs, and DBEs.*

---

A minority female owner of an architecture and engineering company recommended that the City establish partnerships with local banks to assist M/WBEs:

*I think the City of St. Louis needs to reach out and establish priorities with banks, especially those where they have deposits to have more small, women, and businesses owned by people of color working on their projects. This would give us the tools to improve our situation. They need to offer some assistance.*

---

A Caucasian male owner of a construction company suggested the following recommendation to build the capacity of minority contractors:

*I refer to them as partners not mentees, but they are not affiliated with us in any way. There are no financial connections between us. It's really a mentoring program or opportunity where we worked with minority companies on a couple of different projects. We have brought these particular contractors back on multiple projects, and then they start to see how we run our business and our field operations. They pick up on what we are doing and the systems that we use.*

*Many times we will meet with a new potential partner or mentee, and I will have a \$14 million mechanical project, and they will ask for \$1 million of it. And I will tell them if I give you \$1 million, it will break you. You can't do \$1 million worth of work. You don't have the line of credit to carry payroll. So we give them smaller scopes of work that they can complete and make a profit on and*



*then allow them to come back and do another job and a little bigger one and a little bigger one. Our diversity and inclusion program is set up is to develop smaller contractors and give them a little bit each time and keep bringing back. We want to make sure they are profitable on each job so that they will want to come back and work with us and then we can continue that education process of showing them how to make more money on the next job.*

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A minority female owner of a professional services company recommended workshops and routine reminder emails describing upcoming contracting opportunities:

*I think the City should provide meetings on how to do business with them. Even a telephone conference would be nice, so I don't have to go after them and seek an appointment. A reminder email describing something that is available for us to bid on would be nice and encouraging [for] prime contractors to reach out to minorities and DBEs. I'm a small business, and I can get lost in the bureaucracy.*

---

A minority male owner of an architecture and engineering company recommends setting aside small contracts for M/WBEs:

*I would love to see the City of St. Louis put out smaller projects as set-asides so MBEs and WBEs can be competitive. It's difficult for us to compete against large firms, but I would welcome the opportunity to compete with other firms of similar size and capabilities. We only get to subcontract for somebody to meet an MBE goal. All they want to do is carve off discrete pieces of work. I do think that we have had progress in the right direction in terms of diversity, but I think that there is much more work for the City to do to really enhance their image in the minority business community. They should send a message that says we want diversity on our contracts.*

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A male representative of a construction trade association recommends bonding assistance and more apprenticeship programs to increase the capacity of M/WBEs:

*Unfortunately, the City doesn't offer bonding assistance. The City requires bonding on subcontracts. They should engage either the SBA [Small Business Administration] or some of the local banks in the community to assist M/WBEs. I also think it's more difficult when a person is struggling with being able to read and do high school math. So there are some challenges in the education system, and I think you can overcome these things with diversity apprentice programs.*

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A minority male owner of a construction company reported on helpful workshops offered by other municipalities and suggests that the City offer similar classes:

*I recommend education and more education. That is what helped me the most in getting to where I am now. There is training offered at the airport, and I'm getting ready to start another class through the Illinois Department of Transportation, called the E200 class. It was a wonderful class.*

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A minority male owner of an electrical trade association recommends goals that reflect the current capacity and availability of M/WBEs:

*A success of this study is getting real and meaningful information on the capacity of the business community, rather than what we would like it to be. Also to have a realistic goal for slow growth rather than a demand that is based upon wish lists. This is what I would like us to be as a community. The most important thing you can do is get realistic numbers from the disparity study and map out percentage goals that are attainable and not just good politics. I think that any of us that have been in the industry for a while understand that there is a political and a social pressure in our community to expand participation and to get the numbers up. Unfortunately, I think the gap between reality and those expectations end up hurting the contractors involved rather than helping them. It is because the goals are unattainable. And so people are stretched more and more. Individual agencies are trying to reach the goal, and they put businesses in a position that isn't sustainable. So, I really think that it's important for the study to have a realistic assessment of current M/WBE capacity and then work with the community to build achievable goals over a longer period of time than simply to throw a number out that is politically unattractive. I think most of the decisions on goals have been made with good intentions but have been politically driven, not driven by a realistic assessment of what the community can do.*

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A minority female owner of an architecture and engineering company recommends requiring prime consultants to provide more lead time on proposals, and provide projects specifications to more than a few consultants,

*There should be a requirement of a minimum number of days a prime contractor may have to solicit quotes for subcontracts, like at least three to five business days before the bid. The City needs to make sure that it considers the size and scope for projects when they go out for bid to make sure that the requirements are not so narrowly tailored as to limit it to only include a select group. Outreach sessions with decision makers would be helpful for upcoming opportunities. And, I would like to learn about more than things that are coming out and not just in the next month, but over the next two to three years. If I know something that is coming out even a year from now, I can begin to approach my business partners to find out if they are interested in going after the work. If there is something that I can go after as a prime consultant, I can be thinking about my own team.*

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This same business owner also suggested more prime contracting opportunities for M/WBEs:

*A lot of times when we talk about MBE participation, we look at it only as it relates to subcontracting and not how we can provide prime contracting opportunities. If I can get a prime opportunity on a \$50,000 project, then the next time there is a sub opportunity on a million dollar contract, I may be able to leverage that into a \$100,000 subcontract opportunity. I could leverage prime contracts into greater and greater opportunities, but not if I'm only relegated to be a subconsultant. I will never really grow. Also, when we become a prime, we have access to decision makers.*

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### **III. SUMMARY**

The business owners' anecdotes revealed experiences working with or seeking work from the City or the Airport. Interviewees reported on their personal knowledge of barriers they perceive as preventing contractors from successfully competing for public contracts. The representatives from the trade and union associations reported on the experiences that their members encountered working with or seeking work from the City. They also identified exemplary practices in utilizing M/WBEs. Recommendations by business owners and trade and union representatives to improve access for M/WBEs and other small businesses were also offered.



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# **CHAPTER 9: RECOMMENDATIONS**

## **I. INTRODUCTION**

The Disparity Study (Study) conducted for the City of St. Louis (City) documented a statistical disparity at both the prime contract and subcontract levels. Recommendations are therefore tailored to enhance the City's contracting practices, policies, and procedures. The chapter provides race and gender-neutral and race and gender-specific recommendations to remedy the documented statistically significant disparity in the utilization of the available Minority and Caucasian Female Business Enterprises, hereinafter M/WBEs. The recommendations also include strategies to remove barriers to M/WBE and other small businesses' access to the City's construction, professional services (which included architecture and engineering), and goods and other services contracts.

This chapter is organized into four sections. The four sections present: 1) an overview of the City's broad-based race-neutral program, 2) a summary of the prime contract and subcontract disparity findings, 3) race and gender-conscious remedies to address the documented disparity, and 4) enhanced race and gender-neutral remedies, including administrative, supportive services, procurement, and website modifications.

## **II. SUMMARY OF CURRENT MINORITY AND WOMEN BUSINESS ENTERPRISE PROGRAM**

The City's M/WBE Program was initially authorized under Executive Order 28 by Mayor Clarence Harmon on July 24, 1997. Executive Order 28 was extended under subsequent orders by Mayor Francis G. Slay and is scheduled to sunset on April 30, 2017. Pursuant to Executive Order 28, the City determined it had ample evidence of discrimination against M/WBEs within the City of St. Louis and sought to rectify the underutilization through separate goals for women and minority business enterprises.

In addition, the City instituted a comprehensive set of race and gender-neutral measures, some of which are components of the M/WBE Program. The race and gender-neutral program components complement the race and gender-specific M/WBE Program components to eliminate the disparity in the utilization of the available M/WBEs. Experienced St. Louis Development Corporation (SLDC) staff have the responsibility to



implement and monitor the M/WBE Program and its race and gender-neutral components.

The statistical findings presented in *Section III: Summary of Disparity Study Findings* demonstrate that Minorities and Caucasian Females are underutilized at a statistically significant level despite the City's race and gender-specific goals in combination with race and gender-neutral measures. Continued use of the race and gender-neutral elements in combination with a more comprehensive race and gender-specific program might eliminate the documented disparity. An overview of the City's race and gender-neutral measures is presented below:

- ***Cone of Silence Provision in Bids and Requests for Proposals:*** The City restricts bidders from engaging City personnel other than the designated procurement staff about the bid opportunity once the solicitation is advertised. This ensures that the bidding process is fair and impartial.
- ***Published Newsletter Targeting M/WBEs Regularly:*** *The City Journal* is a weekly publication that lists Request for Proposals (RFPs), Requests for Bids (RFBs), and Requests for Qualifications (RFQs). *The City Journal* is posted on the City's website along with the ordinances authorizing the projects that are advertised. Early notice allows for adequate lead time for M/WBEs to bid.
- ***Virtual Plan Room for Review of Construction Plans and Specifications:*** The City also provides an online plan room on its website. The plan room allows all contractors an opportunity to review construction plans and specifications. This is particularly helpful to small M/WBEs that have not contracted with the City in the past.
- ***Post Award Notices:*** The City publishes all RFPs, RFBs, and RFQs, as well as award notices on its website. This ensures greater transparency in the bidding and selection process.
- ***Technical Assistance Workshops Targeting M/WBEs:*** The City offers workshops in support of M/WBEs, as well as certification workshops. The City should schedule these workshops on a regular basis and expand the scope of those workshops to offer assistance with networking, bidding, bid preparation, marketing, and management skill enhancements.
- ***Contract and Vendor Information Archived in the Contract Management System:*** The City uses a Contract Management System to store contract and vendor information. There are, however, several data management systems that track various aspects of the contracting process.
- ***Routine Post-Award Contract Compliance Monitoring:*** The City performs routine post-award contract compliance monitoring in order to ensure that M/WBE goals are met during the contract. Prime contractors are required to submit monthly utilization and payment reports. The M/WBE Compliance Database contains data for the fields summarized in Table 9.01.



**Table 9.01: M/WBE Compliance Database Fields**

Project Type (construction and professional services only)
Prime contracts without limitation to threshold level
Prime contract amount
Amendments/change orders
Payments to prime contractor
Prime contractor payments to M/WBEs

### **III. SUMMARY OF DISPARITY FINDINGS**

#### **A. Prime Contract Disparity Findings**

##### **1. Construction Prime Contracts**

Table 9.02 presents a summary of the disparity findings for construction prime contracts awarded during the July 1, 2007 to June 30, 2012 study period. Disparity was found for African American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise construction prime contractors on all City contracts. Disparity was also found for African American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise construction prime contractors on City contracts under \$500,000.

**Table 9.02: Disparity Summary: Construction Prime Contracts, July 1, 2007 through June 30, 2012**

Ethnicity/Gender	Construction	
	All Contracts	Contracts Under \$500,000
African Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Asian Americans	----	----
Hispanic Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Native Americans	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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



## 2. Professional Services Prime Contracts

Table 9.03 presents a summary of the disparity findings for professional services prime contracts. Disparity was found for African American, Asian American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise professional services prime contractors on all City contracts. Disparity was also found for African American, Asian American, Hispanic American, Minority Business Enterprise, and Caucasian Female Business Enterprise professional services prime contractors on City contracts under \$500,000.

**Table 9.03: Disparity Summary: Professional Services Prime Contracts, July 1, 2007 through June 30, 2012**

Ethnicity/Gender	Professional Services	
	All Contracts	Contracts Under \$500,000
African Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Asian Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Hispanic Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Native Americans	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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

## 3. Goods and Other Services Prime Contracts

Table 9.04 presents a summary of the disparity findings for goods and other services prime contracts. Disparity was found for Asian American, Minority Business Enterprise, and Caucasian Female Business Enterprise goods and other services prime contractors on all City contracts. Disparity was found for Asian American, Minority Business Enterprise, and Caucasian Female Business Enterprise goods and other services prime contractors on City contracts under \$500,000.



**Table 9.04: Disparity Summary: Goods and Other Services Prime Contracts, July 1, 2007 through June 30, 2012**

Ethnicity/Gender	Goods and Other Services	
	All Contracts	Contracts Under \$500,000
African Americans	Underutilization	Underutilization
Asian Americans	Statistically Significant Underutilization	Statistically Significant Underutilization
Hispanic Americans	----	----
Native Americans	----	----
Minority Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Statistically Significant Underutilization	Statistically Significant Underutilization

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

## **B. Subcontract Disparity Findings**

### **1. Construction Subcontracts**

Table 9.05 presents a summary of the disparity findings for construction subcontracts. Disparity was found for African American, Hispanic American, and Minority Business Enterprise construction subcontractors on all City contracts.

**Table 9.05: Subcontractor Disparity Summary, July 1, 2010 through June 30, 2012**

Ethnicity / Gender	Construction
African Americans	Statistically Significant Underutilization
Asian Americans	^
Hispanic Americans	Statistically Significant Underutilization
Native Americans	^
Minority Business Enterprises	Statistically Significant Underutilization
Caucasian Female Business Enterprises	Underutilization

( ^ ) Subcontract records were incomplete



## **2. Professional Services Subcontracts**

A disparity analysis for professional services subcontracts could not be performed because the subcontract records were incomplete. Therefore, it is recommended to collect complete subcontract records for a 12-month period and perform a disparity study update for this industry.

## **3. Goods and Other Services**

A subcontract disparity analysis was not performed for goods and other services as subcontracting is limited in that industry.

# **IV. RACE AND GENDER-SPECIFIC RECOMMENDATIONS**

Despite the fact that the City has implemented various race and gender-neutral, as well as race and gender-specific remedies, including the enactment of a M/WBE Program, statistically significant disparities in the utilization of available M/WBEs were documented in the analysis of City prime contracts and subcontracts. The City should consider enhancements to both the race and gender-neutral and race and gender-specific requirements.

## **A. Prime Contract Remedies**

### **1. Incentive Credits for Professional Services Contracts**

African American, Asian American, Hispanic American, and Women Business Enterprise professional services prime contractors were found to have a disparity at a statistically significant level. The City should incorporate incentive credits in the evaluation points assigned to each solicitation for professional services to increase the participation of these groups on its prime contracts. The incentive credits should apply when the selection process includes a Request for Proposal or statement of qualifications. Including incentive credits as one of the evaluation criteria could counterbalance the competitive disadvantage experienced by the groups with a statistically significant disparity. Incentive credits of 10 to 15 percent of the maximum points would be specified in the published evaluation criteria and applied in the evaluation process for formal professional services contracts. A business that is eligible for incentive credits would be assigned the incentive credits during the evaluation of the technical proposal. The groups that are eligible for incentive credits and the relevant thresholds are listed in Table 9.06.



**Table 9.06: Groups Eligible for Professional Services Prime Incentive Credits**

<b>BID DISCOUNT ELIGIBLE GROUPS</b>
<b>Professional Services</b>
African American
Asian American
Hispanic American
Caucasian Female

**2. Bid Discounts**

African American and Hispanic American Minority Business Enterprise, and Caucasian Female Business Enterprise construction prime contractors were underutilized at a statistically significant level on the City’s construction prime contracts. Also, African American, Asian American, and Caucasian Female Business Enterprise goods and other services prime contractors were found to be underutilized at a statistically significant level on the City’s goods and other services prime contracts. The City should apply a five (5) percent bid discount for evaluation purposes on construction and goods and other services prime contracts for the groups that had a statistically significant disparity. The bid discount, when applied, would reduce the bidder’s price by five (5) percent for evaluation purposes. The groups that are eligible for bid discounts and the relevant thresholds are listed in Table 9.07.

**Table 9.07: Groups Eligible for Construction and Goods and Other Services Bid Discounts**

<b>BID DISCOUNT ELIGIBLE GROUPS</b>
<b>Construction Services</b>
African Americans
Hispanic Americans
Caucasian Female
<b>Goods and Other Services</b>
African American
Asian American
Caucasian Female

**B. Subcontract Remedies**

**1. Set Overall Construction Subcontracting Goal**

An overall construction subcontracting goal should be set for African American and Hispanic American construction subcontractors, which are the groups with a finding of statistically significant disparity. Given the limited availability of Native American and



Asian American subcontractors in the market area, a reliable finding of statistically significant disparity could not be produced.

An overall WBE subcontracting goal should also be set. WBEs are underutilized albeit not at a statistically significant level. Since WBEs are not subject to strict scrutiny, gender-specific goals can be set based on underutilization. Table 9.08 below depicts the construction subcontractor availability documented in the Study.

**Table 9.08: Subcontractor Availability**

Ethnic and Gender Groups	Availability Percentage
African American	21.35%
Hispanic American	1.63%
Caucasian Female	11.25%

The suggested race and gender-specific goals, in combination with the enhanced race and gender-neutral program elements, should facilitate the attainment of greater M/WBE participation and eliminate the documented disparity. It is therefore recommended that the African American, Hispanic American, and WBE construction subcontract goals should be equal to each group’s availability. The availability of African Americans is 21.35 percent, the availability of Hispanic Americans is 1.63 percent, and the availability of WBEs is 11.25 percent, as noted in Table 9.08.

**2. Collect Comprehensive Professional Services Subcontract Data**

A disparity analysis for professional services subcontracts could not be performed because of incomplete subcontract records. The City should collect complete subcontract records for a 12-month period and perform a disparity study update for this industry. M/WBE utilization forms submitted by prime contractors should be verified by the M/WBE Program Office; any contractor who fails to submit a utilization form or falsifies its reporting should be subject to non-compliance penalties. The subcontract data collection should include both M/WBE and non M/WBE subconsultants.

**3. Require Construction Subcontract Goal Attainment at Bid Opening**

The prime contractor should be required to meet the subcontract goal at the time of bid opening. The M/WBE goal must be met with one or more certified MBEs, and one or more certified WBEs that provide a commercially useful function. A prime contractor that fails to meet either goal at the time of bid opening must document a good faith effort. The good faith effort must be submitted with the bid. A responsive bid must meet the M/WBE goal or document a good faith effort.

The construction prime contractors should list all subcontractors, suppliers, and truckers proposed to meet the subcontract goal in the Utilization Plan Form and submit the form



with the bid. The forms should detail each business's percentage of the prime contractor's bid amount. Prime contractors and subcontractors, including M/WBEs and non-M/WBEs, should be required to sign letters of intent specifying the dollar amount of the contract, the scope of work, and any certification at the time of the bid opening. The Utilization Plan Form with eligible M/WBEs that meets the goal or an approved good faith effort statement is required for a bid to be considered responsive.

#### 4. Quantify Good Faith Effort Criteria

While the City provides guidelines for reasonable good faith efforts, the City should enhance its good faith effort policy by assigning a value to each good faith effort element to further improve the attainment of the City's subcontracting goal. A prime contractor should achieve a minimum score of 80 points to demonstrate a bona fide good faith effort. In the event the prime contractor is unable to meet the subcontract goal, a good faith effort waiver form with an explanation of the efforts undertaken to meet the goal should be submitted. If the determination is made that a good faith effort was not undertaken, the bidder should be deemed non-responsive and the goal attainment of the next lowest bidder should be reviewed. The good faith elements and recommended point assignments are:

- Advertising (5 points)

**Effort:** The City recommends that contractors advertise opportunities for M/WBEs at least two weeks prior to bid opening through reasonable means, such as attendance at pre-bid meetings, advertising, and written notices. Contractors should be required to publish these opportunities in the general circulation media, minority-focused media, or trade related publications at least twice unless the City waives this requirement due to time constraints.

**Documentation:** The advertisement shall include the name and location of the project, the location where plans and specifications can be viewed, the subcontractor proposal due date, and the items of work or specialties being solicited.

- Bidders Outreach to Identify M/WBEs (15 points)

**Effort:** The City recommends that contractors attempt to contact M/WBEs through personal, frequent, and persistent contact. The contractor is required to promptly return phone calls, facsimiles, and emails.

**Documentation:** List the names of the organizations or firms, persons contacted, and the dates of contact. Include copies of correspondence received from any organization or firm responding to the bidder's solicitation or initiating contact for the purpose of seeking subcontracting work. The contractor must contact at least three (3) firms/organizations or an amount sufficient enough to reasonably result in a viable subcontract.



Bidders must submit documentation of good faith efforts to contract with, or to purchase significant material supplies from, eligible firms within 48 hours of the bid opening. If a contractor or bidder fails to meet specified goals in the bid documents, the City must determine that the contractor has complied with all requirements of the solicitation documents and has made the required good faith effort.

- Attending the Pre-bid Meeting (5 points)

**Effort:** Attendance should be mandatory to comply with the good faith effort requirement. However, attendance may be optional if the participation goal is met.

**Documentation:** The contractor or its representative's name on the pre-bid meeting sign-in sheet and representative presence at the pre-bid meeting shall serve as documentation.

- Providing Timely Written Notification (30 points)

**Effort:** The City recommends that contractors solicit subcontract bids and material quotes from relevant eligible businesses in writing at least two weeks prior to bid opening. Relevant firms are those that could feasibly provide the services or supplies required for completing the scope of services provided in the bid document. In soliciting sub-bids, quotes, and proposals, the contractor will furnish the following information:

- Contractor's name, address, and telephone number
- Project location and description
- Solicited items of work services to be subcontracted or materials purchased, including a specific description of the work involved
- Place where bid documents, plans, and specifications can be reviewed
- Contractor representative to contact information
- Date and time when subcontractor/supplier quotes must be received by the contractor

**Documentation:** Written notification must include verification of transmission date. Such verification may include copies of certified mail-return receipts and automated facsimile journals.

- Contact Follow-up (10 points)

**Effort:** The City recommends that prime contractors return phone calls, facsimiles, and emails promptly after the initial solicitation at least two weeks prior to bid opening. The follow-up should take the form of a phone call, facsimile, or email during normal business hours. Such contact shall be within a reasonable amount of time to allow the prospective subcontractor an opportunity to submit a competitive sub-bid.

**Documentation:** The list of subcontractors, who were contacted by telephone, including results of that contact, documented with a telephone log, email print-out, and automated



facsimile journal or facsimile transmittal document. Include names of the eligible businesses, telephone numbers, contact persons, and dates of contact.

- Identifying Items of Work (10 points)

**Effort:** The City recommends that subcontracts are broken down into discrete items or packages that market area M/WBEs may find economically feasible to perform. Smaller portions of work or other assistance that could reasonably be expected to produce a level of participation sufficient to meet the goals should be offered to eligible prospective subcontractors. The City further provides that the contractor should not deny a subcontract to a qualified and competitive M/WBE solely because the M/WBE cannot perform the entire package unless unbundling would jeopardize scheduling or increase costs by more than five (5) percent.

**Documentation:** The list of the specific items of work solicited, including identification of eligible firms, in which such work was solicited.

- Negotiating in Good Faith (15 points)

**Effort:** The City recommends that the contractor negotiate fairly with interested M/WBEs even if selection of the M/WBE would increase costs. A contractor should not unjustifiably reject sub-bids, quotes, and proposals prepared by eligible businesses. However, the City affords the contractor to choose a low bid if two or more quotes are received.

**Documentation:** Provide written statements of the names, addresses, and telephone numbers of subcontractors contacted by the contractor to negotiate prices or services. Include dates of the negotiations and the results. Document the quotes/proposals received from the eligible businesses. Lack of qualifications or significant price difference, five (5) percent or more, will be considered just cause for rejecting eligible businesses. Proof of price differential must be made available to the City.

- Offer Assistance in Financing, Bonding, Insurance, or Mentoring (10 points)

**Effort:** The City recommends that contractors provide M/WBEs technical assistance with plans, specifications, and requirements of the contract in a timely manner to respond to a solicitation. According to the City's M/WBE Program, contractors should not deny a subcontract solely because a necessary and certified M/WBE cannot obtain a bond. In addition, the contractor should also advise and make efforts to assist interested businesses in obtaining bonds, lines of credit, or insurance required by the City, where applicable. A prime contractor may also receive 10 points for good faith effort by offering mentoring assistance.

**Documentation:** Provide written statements of the type of assistance offered. The contractor shall provide the name, contact person, and telephone number of the bonding company or financial institution offering assistance.



To claim points for mentoring, the prime contractor must submit a mentoring plan that is subject to the City's approval for one or more of the eligible businesses included as a subcontractor for the project. The mentoring plan outcomes should enhance capability to bid projects as a prime contractor and new skills in estimating projects, completing project schedules, hiring subcontractors, acquiring additional licenses or certification, accessing capital, and increasing bonding capacity.

## **5. Track and Monitor Prime Contracts and Subcontracts**

Prime contract and subcontract awards and payments must be monitored throughout the term of the contract to ensure the accuracy of the Subcontractor Utilization Plan Form. An assessment of the City's data management process revealed the need for system improvements.

Monthly contract compliance monitoring should be conducted to ensure that the M/WBE participation listed in bids, proposals, and statements of qualifications is achieved. After the contract is awarded, regular compliance monitoring should verify the prime contractor's post-award subcontracting levels. Consistent contract compliance monitoring could minimize the difficulties experienced by all subcontractors due to unauthorized substitutions and late payments.

The following contract compliance monitoring methods are recommended:

- Track and report subcontractor utilization in an electronic database
- Perform job site visits in order to monitor actual subcontractor participation on the contracts
- Conduct onsite certification reviews in order to ensure that only eligible firms are meeting the M/WBE goals
- Verify a commercially useful function (CUF) will be performed by identified subcontractors

The City should also track the ethnicity and gender of the prime contractors. This information can be secured through a vendor form to be completed before a contract is awarded.

## **6. Track and Monitor Tax Increment Financing Redevelopment Projects**

Redevelopment projects located within a designated area within the City are eligible for Tax Increment Financing (TIF). The TIF projects are considered to be a public benefit by eliminating blight, including strengthening the employment and economic base, increasing property values and create economic stability. The City should implement the same tracking and monitoring mechanisms as recommended above in No. 4 in addition to data that is specific to redevelopment projects including developer award and payment amounts, construction cost, and M/WBE and non-M/WBE subcontractors, suppliers and truckers.



## 7. Assess Penalties for Failing to Achieve the M/WBE Contract Goals and Other M/WBE Violations

*I wish I could tell you how many times a prime contractor has listed us as being a part of a project, and they didn't contact us at all. Or we thought we were going to be on the project for \$30,000 and we only get \$10,000. I mean, it happens all of the time.*

Executive Orders 28 and 47 allow monetary penalties to be levied on prime contractors that do not meet the M/WBE goals. These policies should be continued. The City currently requests documentation of MBE and WBE final payments. The penalty should equal the M/WBE goal shortfall, which should be assessed during the project close-out. It should be withheld from the prime contractor's final payment.

To ensure that the M/WBEs actually perform the work set forth in the Subcontractor Utilization Plan form, contract compliance reviews should occur throughout the term of the contract. The objective is to cure any shortfalls in subcontractor utilization during the term of the contract. Timely disclosure of the prime contractor's decision to self-perform the M/WBEs item of work or assign it to another contractor is necessary to ensure the M/WBE is allowed to perform the work set forth in the Subcontractor Utilization Plan form.

## 8. Subsidize the M/WBE Program with Non-Compliance Fees

In the event a contractor that is awarded a prime contract does not meet its subcontracting goal a fee equivalent to the percent of the goal not achieved should be levied. The penalty should be paid to the M/WBE Program. Non-compliance fees should also be levied against prime contractors who conduct unauthorized subcontractor substitutions, misrepresent the work actually performed by subcontractors, fail to pay mobilization to subcontractors, falsify utilization reports, or attempt to defraud the M/WBE Program in any other way. The collected fees should subsidize M/WBE programmatic changes and staff augmentation.

## 9. Fully Staff the M/WBE Program

The City's M/WBE Program should be staffed with an adequate number of experienced professionals to ensure that compliance with the M/WBE Program can be effectively monitored. The current professional positions should also be augmented to include an ombudsperson that would handle disputes and address the concerns of businesses that contract with the City. Additionally, to service the enhanced M/WBE Program, the staff should include individuals with computer and database knowledge.

## 10. Develop Department-Wide Program Training

A M/WBE training program manual should be developed for a City-wide training. The training should provide background on the M/WBE Program, its policies, and its



objectives. Managers and departmental staff should be required to attend annual training seminars to ensure that they are abreast of any changes in the state and local regulations and enhancements to the City's M/WBE Program. The training module should also be included in the new employee training.

## **V. RACE AND GENDER-NEUTRAL RECOMMENDATIONS**

This section presents additional race and gender-neutral strategies. As proposed, these recommendations should strengthen the City's M/WBE Program and improve its effectiveness in eliminating the statistically significant underutilization of M/WBEs documented in the Study. The recommendations also include expansion of the Small Business Program to promulgate a Small Local Business Enterprise (SLBE) program with subcontracting goals. The proposed SLBE Program would encourage and monitor the City's contracting with small businesses located within its jurisdiction. Implementation of these strategies should significantly improve small businesses' access to City contracts.

The recommendations herein include administrative strategies which might require modifications to procurement policy. As proposed, the data management standards to strengthen the monitoring, tracking, and reporting of subcontractor utilization will necessitate modifications to the current procedures. In addition, the proposed business webpage modifications would consolidate some of the published information available for contractors.

### **A. Administrative Strategies**

#### **1. Revise Insurance Requirements**

*With the Airport Authority, they wanted us to get a \$5 million general liability policy on a \$29,000 job. The policy would have cost more than the job. We had \$2 million in general liability coverage.*

Insurance requirements should be evaluated to ensure that contracts do not carry a disproportionately high level of coverage. Insurance requirements on contracts under \$50,000 should be eliminated. For all other contracts, the coverage should be set in relation to the actual contract liability and should reflect actual risk factors. Excessive insurance requirements on smaller contracts can be a disincentive, constituting a barrier to M/WBEs, and increasing the City's costs to procure services when the insurance fees are imbedded in the

bid.



## 2. Expand Text of Pre-bid Meeting Announcements

The City currently publishes *The City Journal* on a weekly basis. The publication advertises Requests of Proposals (RFPs), Requests for Bids (RFBs), and Requests for Qualifications (RFQs). The notices provide details, such as contact person and the date the response is due. The announcements should be expanded to include the pre-proposal and pre-bid meeting dates to encourage M/WBEs to attend the meetings.

## 3. Expand Solicitation Notification Criteria

*A reminder email describing something that is available for us to bid on would be nice and encouraging [for] prime contractors to reach out to minorities and DBEs. I'm a small business, and I can get lost in the bureaucracy.*

Print media is increasingly being replaced by digital media. Accordingly, publishing bidding opportunities in newspapers and trade publications can be ineffective in reaching M/WBEs. Recognizing that searching for bidding opportunities in print media is time-consuming and tedious, the City currently posts the bidding opportunities on its website. Email, Twitter™, and text alerts could reach more M/WBEs and should be a standard method of communication. Electronic communication should be updated and maintained by the M/WBE Program. Electronic updates also could be posted on the City's website weekly or bi-weekly on the same day of the week.

## 4. Provide Adequate Lead Time When Advertising Solicitations

*We do not have adequate lead time to respond. Depending on the size and the type of the project, the proposal is due in two weeks.*

In order to maximize M/WBE participation, the City should ensure that prime contractors have adequate lead time to bid. Prime contractors, including M/WBEs, should receive notice of contract opportunities at least four (4) weeks before the bids are due. Longer lead times would not only allow businesses sufficient time to address questions and concerns about the solicitation, but would also permit prime contractors to give more lead time to subcontractors. In the M/WBE Program's good faith effort provisions, prime contractors are asked to submit notices of intent to the construction clearinghouse at least seven (7) days before the quotes from subcontractors are due. Compliance with this condition or requirement is difficult without sufficient lead time for prime contractors. In addition to announcements in *The City Journal*, notice of bidding opportunities should be disseminated to M/WBEs through Twitter™ and text alerts.

M/WBE subcontractors also have expressed frustration that prime contractors contact them at the last minute in order to meet good faith effort requirements. With longer lead time, prime contractors would have sufficient time to search and contact qualified M/WBE subcontractors to meet contracting goals, and subcontractors would have sufficient lead time to prepare bids or proposals. Prime contractors should be required to



allow at least five (5) business days for M/WBE subcontractors to submit their bids and statements of qualifications.

## **5. Provide Debriefing Sessions for Unsuccessful Bidders**

Debriefing sessions should be made available to unsuccessful bidders. This option should be published on the City's website and included in the Notice of Intent to Award that is emailed to unsuccessful bidders.

## **6. Unbundle Large Procurements into Smaller Contracts**

The bundling of contracts prevents small firms from bidding on the parts for which they are qualified because the contract includes items of work that are too large to perform. Given the geographic market area's ever-increasing small business population, attention to the size of solicitations is simply good business. During the study period, 70 percent of the City's construction, professional services, and supplies and services contracts were awarded to 44 firms. Unbundling could bring more opportunities within reach of more businesses. This would generate more bidders for City contracts.

One form of bundling is when various goods or services that could be purchased individually are grouped together into a single solicitation. Bundling also occurs when projects that are on separate sites—or on discrete areas of the same site—are included in one solicitation. Multi-year agreements are additional examples of the type of procurements that small purchases are combined into one large contract. Purchase orders issued against a price agreement are customarily for small items of work. Work orders issued against a multi-year construction contract are examples of the type of procurement that could be unbundled.

In determining whether solicitations should be unbundled, the following criteria should be considered:

- Whether or not the project takes place in more than one location
- Size and complexity of the procurement
- Similarity of the goods and services procured
- Sequencing and delivery of the work
- Public safety issues and convenience
- Size of the task orders issued against the procurement

## **7. Use Direct Contracting to Award Small Contracts**

Direct contracting is a procurement method to award separate contracts for specialty or non-license services which might otherwise be included as an item of work in a construction contract or within the scope of an architecture and engineering contract. Direct contracting would increase the opportunities for and build the capacity of small



businesses. Direct contracting allows small businesses to work as prime contractors on a greater variety of contracts.

In the construction industry, trucking, demolition, surveying, and landscaping could be awarded as direct contracts and not as items of work in the general construction contract. Design services, which are not required to be performed by a licensed engineer, architect, or registered surveyor, might also be awarded as direct contracts. These services include planning, environmental assessments, ecological services, cultural resource services, and testing services. If these professional services specialties were separated from large design contracts and awarded as prime contracts, it would increase opportunities for M/WBEs to be prime contractors.

## 8. Pay Mobilization to Subcontractors

Under circumstances where mobilization payments are approved for the prime contractor, the subcontractor should be paid an amount equal to their participation percentage no later than five (5) business days before they are required to mobilize to perform the contracted work. To ensure transparency, subcontractors should be notified when prime contractors receive mobilization payments from the City. Notification should be provided through facsimile or email. The prime contractor should be required to submit proof of mobilization payment to subcontractors. The information should also be posted on the City websites. For subcontractors, project start-up costs can also be significant. A subcontractor that has limited resources and access to credit may find that start-up expenses inhibit its ability to bid on City contracts.

## 9. Implement Informal Prime Contract Rotation Program

*I would love to see the City of St. Louis put out smaller projects as set-asides so MBEs and WBEs can be competitive. It's difficult for us to compete against large firms, but I would welcome the opportunity to compete with other firms of similar size and capabilities.*

The City's procurement policy includes small purchase orders for supplies and services valued at \$5,000 or less. A Small Contracts Rotation Program should be established for supplies and services prime contracts valued at \$5,000 or less. Presently, these purchases are solicited without advertising, with the exception of the Supply Division. The Supply Division should amend its rules to remove the advertising requirement on contracts valued \$5,000 or less.

A rotational program for informal prime contracts would limit competition to businesses from the statistically significant underutilized groups and other businesses that are certified as SLBEs. The Program would allow the eligible businesses to bid as prime contractors in a sheltered market and thereby increase their opportunities to be a prime contractor.

The Small Contracts Rotation Program would ensure that quotations for contracts are solicited from a diverse pool of small businesses on a rotating basis. Businesses owned by the statistically significant underutilized groups would be presumed eligible. The



eligibility of any other small businesses would be determined through a certification process designed to verify business location, size, and ownership.

Work orders should also be assigned on a rotating basis. No business in the Program would be eligible to receive a second assignment until all other businesses on the list had been offered at least one assignment.

## 10. Enforce Prompt Payment Act

*We had a hard time getting paid on another project, and it almost put us out of business. I worked for six months without payment, and it was very difficult on me.*

The Missouri Prompt Payment Act requires the prime contractor to pay its subcontractor within fifteen (15) days of receipt of the payment from the City.<sup>1</sup> In addition, if the subcontractor has completed or substantially completed the work, the contractor can request an adjustment in retainage from the City in order to pay the subcontractor in full.<sup>2</sup> Despite the prompt payment provision, M/WBE subcontractor still experience difficulties in receiving timely payments from their prime contractors.

In order to ensure timely payment, subcontractors should be notified when prime contractors receive their invoice payment. Formal notification would inform the subcontractors in order to allow them to contact the City if the prime contractor fails to pay the subcontract invoice within fifteen (15) days. An informed subcontractor could assist in the enforcement of the provision, thereby effecting greater efficacy of the prompt payment provision.

## 11. Institute Payment Verification Program

*[The subcontractor] had to call the City and ask, "When did this [prime contractor] get paid on the invoice?" And they said that they got paid two months ago.*

In order to monitor compliance with the Prompt Payment Act, the City should verify payments made to M/WBE subcontractors. A payment verification program would allow subcontractors to notify the City of late payments or non-payments in real time. In addition, each subcontractor listed in a prime contractor's invoice as paid in the previous billing cycle should be contacted electronically to verify that the payment was received. This verification procedure would eliminate reliance on self-reporting by the prime contractors.

Verification by subcontractors could also assist the City's monitor compliance.

The simplest means to monitor compliance is to require that the prime contractor submit to the City with each invoice with an image of the cancelled check written to the subcontractor for payment of the previous invoice. If a subcontractor reports a

<sup>1</sup> MISSOURI REVISED STATUTES ch. 34, § 34.057.1(7).

<sup>2</sup> MISSOURI REVISED STATUTES ch. 34, § 34.057.1(3).



discrepancy in the amount actually received from the prime contractor, the discrepancy should be resolved before any additional payments are made to the prime contractor.

The payment verification program should be published on the City's website, in solicitation documents, and in contract documents. The prime contractor's compliance with the payment verification program should be a mandatory provision of the prime contract.

## 12. Give Five-Day Notice of Invoice Disputes

*There was another situation where we had a dispute with a prime consultant. The Comptroller's Office did us the courtesy of holding up the entire payment to the prime while the dispute was being resolved.*

Invoice disputes are a source of delayed invoice payments. While the City has informal means to resolve payment disputes, the resolution process should be formalized. Within five (5) days of receiving a disputed invoice, the City should provide the contractor with an Invoice Dispute Notification detailing items in dispute. Undisputed invoice amounts should be paid within fifteen (15) days and disputed items should be resolved in a timely manner and thereafter paid promptly.

The prime contractor should have the same obligation to give notice to the subcontractor within five (5) days of any disputed invoice or item of work on an invoice submitted to the City and pay the subcontractor within five (5) days of receiving payment from the City. Payments from the City to the prime contractor should be withheld and the prime contractor should be penalized if the subcontractor is not paid timely.

## 13. Implement Dispute Resolution Standards

Dispute resolution standards should be established to allow businesses to resolve issues relating to work performance after a contract award. A dispute resolution process should apply to disputes between prime contractors and the City as well as disputes between subcontractors and prime contractors. The dispute resolution process should include provisions for an ombudsperson. The ombudsperson could handle disputes, as needed, to achieve timely and cost-effective resolution. A dispute resolution meeting should be mandatory in the event a dispute cannot be resolved by the ombudsperson within ten (10) working days.

The first step in the dispute resolution process would be the submission of an oral or written complaint by the aggrieved party to the ombudsperson. The ombudsperson would then aid the parties in resolving the dispute by investigating the claim and making initial contact with the City, prime contractor, or subcontractor. If the dispute is not resolved through these means within ten (10) working days, the ombudsperson will assist the aggrieved party in filing a request for a dispute resolution meeting.

The meeting would be the second step in the resolution process. Neither party may involve legal representation during this initial informal process in order to avoid



significant legal costs for both parties. If the parties are not able to reach a mutually agreed upon resolution through meeting, the dispute may proceed to formal mediation or arbitration. A dispute must be taken to mediation before it can proceed to arbitration. Arbitration is the final step to resolving a dispute. The decision reached by the arbitrator is final and binding. The parties may retain legal representation during the mediation or arbitration process.

**B. Supportive Services Strategies**

The following recommendations would promote the M/WBE Program and the supportive services offered by the City to assist small businesses in becoming familiar with the City’s contracting procedures and acquire the required expertise.

**1. Conduct a Bi-Annual Review of the M/WBE Directory**

The City has a practice of utilizing a limited number of contractors on a regular basis. During the study period, 44 contractors performed 70 percent of the City’s prime contracts. The Minority Business Development Program Office should conduct a bi-annual review of the upcoming contracting opportunities to determine the types of goods and services that are expected to be procured. This information should be compared to the goods and services offered by the certified M/WBEs to determine if an effort should be made to certify additional businesses with the relevant capabilities.

**2. Enhance Outreach and Marketing Strategies**

While the City offers pre-bid meetings, there are several outreach and marketing strategies that may improve M/WBE participation on both prime contracts and subcontracts. Efforts to meet the program objectives and M/WBE policy goals could be enhanced with a comprehensive outreach campaign to communicate contracting opportunities, contracting procedures, and the goals and objectives of the M/WBE Program. Table 9.09 below lists strategies and tactics that the M/WBE Program could employ to market the M/WBE Program to uncertified minority and woman-owned firms to encourage them to become certified with the City and bid on City contracts. Marketing strategies could also inform the business community of any new requirements and enhanced business services.

**Table 9.09: Outreach and Marketing Strategies**

Strategy	Tactics
Design tagline and produce banner display	<ul style="list-style-type: none"> <li>Develop tagline</li> <li>Design banner with placement of existing logo and new tagline</li> </ul>
Define design standards and a layout for a uniform appearance of procurement documents	<ul style="list-style-type: none"> <li>Revise all procurement materials to include the program logo and tagline in order to have a uniform appearance</li> </ul>
Develop collateral print material for outreach	<ul style="list-style-type: none"> <li>Produce digital brochure to reflect</li> </ul>



Strategy	Tactics
campaign	<ul style="list-style-type: none"> <li>program changes</li> <li>Develop articles and press kits</li> </ul>
Launch outreach campaign	<ul style="list-style-type: none"> <li>Distribute press kits and press releases</li> <li>Place public service announcements</li> <li>Pitch campaign to broadcast media</li> </ul>
Host semi-annual contractors' open house and other networking events	<ul style="list-style-type: none"> <li>Plan and coordinate open house events</li> <li>Distribute invitations by mail, facsimile, email, and tweets</li> <li>Include procurement department in outreach events</li> <li>Publicize informal contract opportunities</li> <li>Distribute contract forecasts and certification forms</li> </ul>
Distribute forecasts to targeted businesses	<ul style="list-style-type: none"> <li>Post forecasts on the website</li> <li>Distribute through facsimile, email, Facebook™, Twitter™, and text alerts</li> </ul>
Partner with agencies and organizations to disseminate program information	<ul style="list-style-type: none"> <li>Continue current agency partnerships</li> <li>Develop local business and trade associations group partnerships</li> </ul>
Conduct an annual program impact and outcome evaluation	<ul style="list-style-type: none"> <li>Establish measurable outcomes</li> <li>Conduct business satisfaction surveys</li> <li>Examine bidding history by department</li> </ul>

### 3. Continue to Offer Technical Assistance Workshops

*I think the City should provide meetings on how to do business with them. Even a telephone conference would be nice. So I don't have to go after them and seek an appointment.*

The City and the Airport currently offer certification workshops for M/WBEs. The City could expand its networking events to offer assistance with bidding, plan reading, cost estimation, proposal preparation, marketing and business management. Management services could also be incorporated as part of the agenda for certification workshops or offered as separate events.

Workshops offering entrepreneurial and management skills could also provide M/WBEs with the knowledge and ability to improve their marketing and presentation strategies when bidding on City contracts.

### 4. Enhance Networking Opportunities

The City should continue to offer networking opportunities, such as pre-bid conferences. The City should make an effort to target M/WBEs by advertising such opportunities through regular email updates, trade associations, other agency publications, and posts on the City's websites. The City should advertise these events well in advance in order to maximize attendance.

The City could also sponsor marketing forums to allow M/WBEs to deliver technical presentations to project staff. The forums should be topical and held quarterly. The City



personnel should notify M/WBEs of the opportunity to make a presentation. Businesses should be required to register online. The outreach material should provide sufficient details to inform interested businesses of the opportunity to make a presentation at the forum. The forums would allow M/WBEs to become more familiar with the procurement process and department management staff. The forums would provide a means to increase the City staff's knowledge of the goods and services offered by M/WBEs.

## **5. Create a Listserv™ to Communicate with Certified Businesses**

Listserv™, an email list management software, could target emails to certified M/WBEs that have expressed an interest in the City's upcoming contracts and contract forecasts. A Listserv™ can disseminate low cost communications to M/WBEs, ensuring that communications occur on a regular basis. The database can be easily updated to include newly certified M/WBEs.

## **6. Create Business Advisory Council**

The City should create a Business Advisory Council (BAC) to advocate for Small SLBEs to have increased access to the City's procurement process. The objective of the BAC is to advise and make recommendations to the City in the areas of:

- Increasing access to procurement and contracting opportunities for SLBEs
- Reviewing initiatives, staff recommendations, and policies that impact SLBE participation
- Better notification of prospective procurement and contract opportunities to SLBEs

The BAC would be devoted to promote, improve, and increase the development of business capacity and economic opportunities. In addition, BAC could advocate enhancing accessibility to potential procurement and contracting opportunities and facilitate business and professional networking to all SLBEs.

The BAC should consist of representatives from professional and business organizations as well as advocates for SLBE development. Additionally, each BAC member must support the City's mission, objectives, and goals and should be domiciled within the City.

The BAC should hold quarterly meetings at a designated place and time. Additionally, special ad hoc meetings may be called. The BAC guidelines should be published.



## **C. Contract Monitoring and Reporting**

### **1. Modify the Financial Management System**

The prime contract data analyzed in the Study was provided by the Comptroller's Office. Critical information was missing from the prime contract dataset maintained by the Comptroller. The Comptroller should track the additional relevant data, or the City could develop another system to track the prime contract, payments by award amount, project name, award date, and industry.

The records received from the Comptroller's Office were grouped by department code, but they did not contain an industry classification, award amount, or award date.<sup>3</sup> The prime contract records had to be submitted to each department individually for industry classifications and to obtain confirmation that the data reflected their expenditures for construction, professional services, and goods and other services contracts executed during the study period. Since there was no subcontractor information in the Comptroller's records, the departments were also asked to provide the subcontractor records. Mason Tillman worked with the departments to secure subcontracts awarded during the study period for the three industries under review.

The SLDC Minority Business Development Office and the Airport's Disadvantaged Business Enterprise (DBE) Office provided records of the M/WBE subcontracts awarded by the City's prime contractors. However, the information available on the subcontracts awarded to non-M/WBEs was not as comprehensive. The subcontract data for the non-M/WBEs had to be reconstructed by reviewing hardcopy documents in the department's project and contract files. The City also contacted prime contractors to encourage them to provide data on their construction subcontractors, suppliers, truckers, professional service subconsultants, and vendors. An extraordinary effort was expended by the departments to secure subcontracting records for large construction and professional prime contracts.

A financial system with the capacity to capture each prime contract award, along with the related subcontract awards and payments, needs to be implemented. The system should track each prime contract number, contract name, award amount and date, payment amounts and dates, and vendor name and contact information. The record for each prime contract should also include the requisition number, date, and initiating department. Each of the prime contractor's M/WBE and non-M/WBE subcontractors should be recorded with the award amount, payment amount, and vendor contact information. Subcontractors should be linked to the prime contract number.

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<sup>3</sup> Departments included in the analysis: Board of Alderman, Mayor, Personnel, Information Technology Services Agency, Budget Division, Law Department, Comptroller's Office, Supply Division, Multigraph, Assessor's Office, Director of Park's Recreation & Forestry, Division of Recreation, Division of Forestry, Division of Parks, Souldard Market, Circuit Clerk, Circuit Court, Circuit Attorney, Board of Jury Supervisors, City Courts, City Marshal, Circuit Courts – Juvenile Division, Circuit Drug Court, Recorder of Deeds, Board of Elections, Water Division, Lambert – St. Louis Airport, Director of Streets, Traffic, Towing, Street Maintenance, Refuse, Director of Public Safety, Fire Department, Building Commissioner, Neighborhood Stabilization, City Emergency Management Agency, Corrections/MSI, City Justice Center, Health, Human Services, Board of Public Service, Facilities Management, and Equipment Services.



The system should be accessible to all City departments to ensure that the Comptroller's Office is uniformly capturing all expenditures for each department. The financial system should also have the capability to produce both ad hoc and customized reports listing the contract award and payments to each prime contractor and its subcontractors within any time of inquiry period. All bids and proposals submitted should be recorded in the financial system with an electronic copy of the contract.

This system should also track the loans and Tax Increment Financing (TIF) granted to developers. The record should capture the pertinent information for the developer, the general contractor, and the architect. For the developer, there should be a contact name, project name, loan/TIF award date, TIF/loan amount, total project costs, construction and construction related costs, general contractor, and award and payment amounts. The general contractor's record should include the project name, construction award amount, subcontractor, suppliers and truckers' contact information, and award and payment amounts. The same subcontractor details should be tracked for the architects, other professional consultants, and vendors utilized on the project.

## **2. Use a Unique Identifier for All Contracts**

Each contract should have a unique contract number assigned when the requisition is approved for advertising. The contract number should be used on all modifications to the original contract. The numbering system for contract purchase orders should be assigned from the same set of contract numbers. The numbering system should allow prime contracts to be linked to purchase orders and task orders. This would enable prime contracts, purchase orders, and task orders to be linked. There should also be a unique contract number for each development agreement.

## **3. Track Type of Work Performed**

In addition to contract descriptions, the City should utilize the North American Industry Classification System (NAICS) commodity codes to describe the specific nature of work performed on each agreement with a prime contractor or a developer's the general contractor. Contracts should be assigned the appropriate NAICS code at the time the requisition or development agreement is approved.

## **4. Utilize a Professional Archiving System**

The City should utilize a professional archive system to inventory and store its hardcopy contract records. A professional archiving system would allow for quicker access and easier reference when reviewing contract files. It could potentially save on the cost to retrieve archived files for program audits and other research.



## **D. Website Enhancement Strategies**

The City has two websites with webpages that are informational for potential and current contractors. One (<https://www.stlouis-mo.gov/>) is maintained by the City of St. Louis, and the other (<http://www.flystl.com/>) is maintained by the Lambert-St. Louis International Airport. Both websites were evaluated in July 2014, as part of the Disparity Study, to assess their usability, functionality, and informational value for contractors inquiring about doing business with the City. The goal of the review was to assess the presentation of contractor-relevant information (content) and the ease of use (structure) of both websites, to offer suggestions to reduce the redundancy, and to offer a more seamless presentation on the M/WBE Program and the proposed SLBE program. Website recommendations are presented separately for the City and the Airport.

### **1. City of St. Louis Website Assessment**

The City of St. Louis's website was found to be visually appealing, professionally formatted, and informative. There was a good use of color, easily readable text, and a consistent layout. The website loaded within 20 seconds using Google Chrome™, Google Chrome for Mobile™, Mozilla Firefox™, Microsoft Internet Explorer™, and Apple Safari™. The website was error-free. No spelling or grammatical errors were detected. All copy was found to be concise, explanatory, and on a Flesch-Kincaid 7<sup>th</sup> grade reading level. Given its Flesch-Kincaid rating, the copy is accessible to the vast majority of end users. The homepage required minimal scrolling, with important descriptive information prominently placed at the top of the website. The City of St. Louis logo links back to the homepage and has prominent placement. While the website does provide useful information, presented in a clear and organized manner, there are some modifications which could enhance its functionality for business owners. To this end, the following enhancements, organized by structural enhancements and content enhancements are offered:

#### **a. City of St. Louis Website Structural Enhancements**

##### **i. Control External Links**

Any domain outside of the City's website should be loaded in a new window or new tab. For example, the City's Facebook™ page, the weather page, and the Explore St. Louis page load within the parent window. The user will experience loss of navigation from the City's webpage once this link is loaded. All external links should open in a new tab instead of leading the user away from the City's webpage.

#### **b. City of St. Louis Website Content Enhancements**

##### **i. Expand the M/WBE Program Related Links**

The website provides a considerable amount of useful information for businesses seeking to work with the City. The offerings could be expanded to make the M/WBE Program



more transparent and improve the informational value of the website for the business user. Additional information to consider publishing includes:

- Protest Procedures
- Prime Contractor Payments
- Fiscal Year Utilization Reports
- Types of Goods and Services the City of St. Louis Routinely Procures
- Tips for Locating Contracting Opportunities
- Good Faith Effort Criteria
- Prompt Payment Provisions
- Calendar of Outreach Events

These additional links could be included on the *Business* page.

## **ii. Enable Website Interaction**

Creating an interactive portal for businesses to submit required data and documents would make the website more useful for the full range of contracting activities. Users could be allowed to upload, update, and submit records of subcontractor payments, Utilization Plan Form, Subcontractor Utilization Form, and prevailing wage forms. This feature could provide immediate feedback regarding the processing of the submittals, thereby reducing staff time to process each document. The website currently allows users to provide comments on each page, which is a great feedback tool. However, this feature could also be enhanced to facilitate two-way communication with City employees.

## **iii. List All Certified Subcontractors**

The list of certified firms can be found on an external website ([www.mwdbe.gov](http://www.mwdbe.gov)) and it takes several clicks to locate the link. Once the link is located, its placement is not ideal because the site loads in the parent window. The directory of certified subcontractors should be available on the City's website as both a PDF and Excel file. The directory would be more user-friendly if it offered a keyword search that included industry, location of the business, and ethnicity of the business owner.

## **iv. Advertise Outreach Efforts**

The City's outreach efforts should be current and detailed on the website. The information should be housed on the *Business* page.



**v. Provide Links to Organizations that Offer Assistance to Small Businesses**

Many government agencies have links on their websites to different government entities, third party organizations, and nonprofits that offer services to aid minority and women contractors. Ethnic/trade organizations often offer workshops and training sessions free of charge to small businesses. These events and services could be posted on the *Business* page with links to the hosting organization.

**vi. Maintain a Database of All Contracts Awarded**

The City could create and maintain a database of all the construction, professional services, and goods and other services contracts awarded. A comprehensive, searchable list containing information on contractor name, award date, and award amount should be available. By making this data public, the City can ensure transparency in the award of prime contracts.

**2. Lambert-St. Louis International Airport Website Assessment**

The Lambert–St. Louis International Airport’s website was professionally formatted and informative. The website loaded within 20 seconds using Google Chrome™, Mozilla Firefox™, and Microsoft Internet Explorer™. The website was error-free. No spelling mistakes or grammatical errors were detected. The copy was found to be concise, explanatory, and on a Flesch-Kincaid 8<sup>th</sup> grade reading level. Given its Flesch-Kincaid rating, the copy is accessible to the vast majority of end users. While the website does provide useful information, there are some modifications which could enhance its functionality for business owners. To this end, the following enhancements, organized as structural and content are offered:

**a. Lambert-St. Louis International Airport Website Structural Enhancements**

**i. Provide an Intuitive, Easy to Navigate Website**

A business considering contracting with the Airport is able to arrive at the business page by looking under the *Quick Links Business Opportunities* link on the bottom of the homepage. The business page provides a menu bar with links that describe the types of services and business opportunities available with the Airport. However, the placement should be more prominent to lessen the time it takes for user to locate procurement, bidding, certification, and MWDBE information.

The *Quick Links* section that contains the *Business Opportunities* link is located at the very bottom right-hand corner of the homepage. This is the most critical link that guides a business owner looking to do business with the Airport and should be more readily accessible. Upon initially entering the website, the *Business Opportunities* link should be located at the top of the page in a clearly designated area.



## **ii. Provide a More Consistent Layout**

The Airport's website usability is hampered by the inconsistent layout. Many of the links lead to other websites managed by the City of St. Louis, SLDC, and BPS. The Airport's website should house all of the information that corresponds to the Airport. Redirecting the user to a different website without notification can confuse the user seeking Airport-specific contracting information. A more cohesive design would greatly enhance accessibility and overall usability.

## **iii. Provide Accessibility for Persons with Disabilities**

While the web is still a largely visual medium, it is important to take into consideration those who cannot access the website in the standard way. There is no specific information or utilities for users with disabilities to contact the Airport for reasonable accommodation in navigating the website. In the interest of providing immediate access without staff assistance, the Airport should consider a text-to-speech feature. The text-to-speech feature reads aloud the text on the page, thereby removing barriers for visually impaired individuals.

## **iv. Offer Mobile-Optimized Website**

Mobile devices are expected by some experts to take over tasks that traditionally have been done on personal computers. Businesses are starting to focus on mobile-first approaches to reach consumers by developing mobile sites before expanding to full desktop versions. In order to accommodate the growing number of mobile users, the Airport's website should be mobile-optimized to ensure that all website features function properly on mobile devices, such as smartphones, tablets, and tablet hybrids. A dedicated mobile site should be offered to tailor content to users who browse on a handheld device.

## **b. Lambert-St. Louis International Airport Website Content Enhancements**

### **i. Post Key Staff Contact Information on the Business Opportunities Page**

The Airport's *Business Opportunities* page lists the general telephone contact for the Airport's Construction, Services, Supplies, Concessions, and DBE Program departments. However, the contact information would be more beneficial to a business in search of personnel in a specific department if it included the name, title, and email address for the contact person.



## **ii. Publish Purchasing Guidelines for All Industries**

Posted purchasing guidelines for each industry provides visibility into the procurement process. Professional services and architecture and engineering were the only two contracting categories posted. Purchasing guidelines, purchasing manuals, and procurement standards for all contracting categories should be made publicly available. These documents would provide users with additional details about the contracting process, which is especially important for small business owners who are unfamiliar with the Airport's procurement process.

## **iii. Maintain a Database of All Contracts Awarded**

The Airport should create and maintain a database of all the construction, professional services, and services and supplies contracts awarded. A comprehensive, searchable list containing information on contractor name, award date, and award amount should be available. By making this data public, the Airport's contracting process would be more transparent.

## **iv. Publish Compliance Reports**

The Airport should post utilization reports regularly to document the progress of its business diversity mission. Making M/W/DBE utilization information available to businesses and the Airport's customers on a regular basis not only ensures the integrity of the Airport's procurement process, but allows vendors and customers to readily review the results and effects of its M/W/DBE program.

## ***E. Implement a Small Local Business Enterprise Program***

The current Small Business Ordinance Number 69431, which was approved April 29, 2013, should be expanded to include a Small Local Business component. The recommendation to promulgate a Small Local Business Enterprise Program (SLBE) that includes bid discounts and subcontracting goals should also improve access to City contracts for small businesses located within the City. The SLBE program shall be managed by SLDC. All tracking, monitoring, and compliance standards of the M/WBE Program shall be extended to the components of the SLBE program.

### **1. Business Size Standards**

The City should define eligibility by the business gross revenue averaged over three years.

According to referenceUSA®, the leading provider in business and consumer research, 43.7 percent of the businesses in the United States have annual revenue of less than \$500,000. The State of Missouri and City of St. Louis' percentages of businesses with annual revenue under \$500,000 are similar to that of the United States at 45 percent and



41.76 percent respectively, as illustrated in Table 9.10. It is recommended that the SLBE size threshold be set at \$500,000 with average annual revenues over a three year period of less than \$500,000.

**Table 9.10: Business Profile by Annual Revenue**

<b>Annual Revenue</b>	<b>State of Missouri</b>	<b>City of St. Louis</b>
Less than \$500,000	45.00%	41.76%
\$500,000-\$999,999	24.34%	30.28%
\$1,000,000-\$2,500,000	16.34%	14.05%
\$2,500,001-\$4,999,999	6.06%	5.37%
\$5,000,000-\$10,000,000	3.78%	3.47%
More than \$10,000,000	4.49%	5.07%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>

Source: ReferenceUSA®

## 2. Eligibility Criteria

The following conditions should be required to be certified as a SLBE:

- The firm’s principal place of business must be located in the geographical boundaries of the City of St. Louis
- The firm must have been in operation for a minimum of one year
- The firm’s three year average gross receipts should not exceed the size standards

Businesses may apply for the City’s SLBE program by submitting a certification application to the City, or submitting an 8(a) certificate issued by the United States Small Business Administration (SBA). An 8(a) or locally certified business must submit documentation that the firm’s average gross receipts for the preceding three years are within the size standards. This threshold would limit competition to smaller businesses. Furthermore, there should be considerable opportunities for small businesses, since 97.39 percent of the contracts the City awarded during the study period were under \$500,000.

## 3. Institute SLBE Bid Discounts

In order to maximize the participation of all Small Local Business Enterprises (SLBEs), the City should consider additional strategies to create contracting opportunities for small local businesses, regardless of race. Ordinance Number 69431, which allows a local bidder to match the lowest bid when the lowest bid is from a non-local bidder, should be redefined as a small local business program. The City should apply a five to eight percent bid discount for evaluation purposes on contracts that are subject to a low-bid selection process. The bid discount, when applied, would reduce the bidder’s price by five to eight percent for evaluation purposes.



#### **4. Set Overall SLBE Subcontracting Goal**

A 10 percent overall SLBE subcontracting goal should be set on all competitively bid contracts. When SLBE and M/WBE goals apply on a contract, a certified local MBE or WBE may meet the SLBE goal.

#### **5. Create SLBE Rotation Program**

The City should create a rotation program for certified small local businesses. Contracts earmarked for the rotation program should have an estimated contract award amount of less than \$50,000. Competition for contracts should be limited to the eligible SLBEs. Departments should identify small contracts for the program annually. Bids, proposals, and quotations will only be accepted from businesses certified as a SLBE.

#### **6. Establish Procedures to Designate a Reasonable Number of Small Prime Contracts SLBEs Can Perform**

The City should institute procedures to ensure that a reasonable number of prime contracts are of a size that SLBEs can perform. The larger construction and professional services projects should be reviewed to identify items of work that can be unbundled into contracts that small businesses can perform as prime contractors.

### ***F. Implement an Employment Development Program***

#### **1. Best Practices of My Brother's Keeper Initiative**

The City should establish a Community Benefits Initiative, heeding President Obama's My Brother's Keeper Program and challenging local municipalities to "build ladders of opportunity for all our youth, including those who are too often left behind or left out in our schools, our economy, and our society." According to the *My Brother's Keeper Report to the President*, in 2013, half of African American men in the United States between the ages of 20 to 24 were employed, compared to over two-thirds of young Caucasian men. The Report also indicated that this employment gap persists as men get older.

The City could implement strategies offered in the *My Brother's Keeper Report* to increase workforce opportunities for millennial African Americans. Bid discounts could be given to prime contractors that provide entry level on-the-job training, job shadowing, pre-apprentice, and apprenticeship opportunities for African Americans on the City's construction and professional services projects.<sup>4</sup> The Community Entrepreneur Initiative

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<sup>4</sup> *My Brother's Keeper Report to the President*, Broderick Johnson, Assistant to the President and Cabinet Secretary, and Jim Shelton, Deputy Education Secretary, May 2014.



could allow African Americans to gain job skills as a pathway to employment and greater participation in the City's economy.

## **2. Construction Trades**

Minority, female, and resident construction trades employment goals should be stipulated in all requests for bid. The goals stated in the contract standard provisions shall include all work hours performed by the prime contractor and any subcontractors.

## **3. Pre-Apprenticeship Programs**

Collaborate with existing local pre-apprentice programs to provide recruitment, relevant job training, and retention support to foster minority and female inclusion in the construction trades. Existing pre-apprentice programs offer a range of training options as well as financial and social support.

Creating partnerships with pre-apprentice programs will allow prime contractors to effectively locate or be referred workers with the training specifically related to City projects.

## **4. First Source Hiring Program**

A First Source Hiring Program is a referral system, designed to link City residents with the employment opportunities funded by City contracts. Contractors would receive referrals of targeted applicants for consideration. Targeted applicants should include local, minority and female City residents. This program provides economic benefits to the local community by providing early access to targeted applicants for available employment opportunities.





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