



City of Seattle

Federal Transit Administration

**DBE METHODOLOGY AND GOAL
FISCAL YEARS 2020-2022**

DISADVANTAGED BUSINESS ENTERPRISE GOAL AND GOAL SETTING METHODOLOGY FISCAL YEARS 2020-2022

I. SUMMARY

The City of Seattle has prepared this document to describe the methodology used to establish its overall Disadvantaged Business Enterprise (DBE) goal for Federal Transit Administration (FTA) assisted contracts. The DBE overall goal setting methodology is a requirement set forth in the United States Department of Transportation (USDOT) DBE regulations. Effective March 5, 2010, FTA modified the schedule so that the overall goal must be prepared every three years instead of annually, as previously required. The City of Seattle followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26.

II. PROPOSED OVERALL GOAL FOR FFY 2020-2022

The Seattle Department of Transportation and Seattle Center, both FTA fund recipients, will use an overall DBE goal for the three Federal Fiscal Year (FFY) period 2020-2022 (October 1, 2019 to September 30, 2022) of 17.05% with an 4.05% race-conscious component. This goal will apply to all FTA-assisted contracts and represents the relative availability of DBEs based on evidence of ready, willing and able DBEs in relationship to all comparable businesses which are known to be available to compete in FTA-assisted contracts. The overall DBE goal reflects City staff determination of the level of DBE participation which would be expected absent the effects of discrimination.¹

III. DBE GOAL SETTING METHODOLOGY

The USDOT DBE regulations, 49 CFR Part 26 require using a two-step process for setting the overall DBE goal that reflects the level of DBE participation. The first step is the calculation of a base figure for the relative availability of DBEs in the relevant market area. The second step requires examining all relevant evidence to determine what adjustment, if any, is needed to the base figure in order to arrive at an overall goal. Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by race and gender-neutral measures.

¹ Goal for individual projects will be assessed on a case-by-case basis to determine if adjustments are required given the scopes of work included and DBE availability.



STEP 1. BASE FIGURE

To determine the preliminary DBE goal base figure, the analyses and calculations described on the following pages were conducted in accordance with 49 CFR Part 26.45:

a) Anticipated FTA Funding

FTA-assisted contracting for Fiscal Years 2020 – 2022 is expected to consist of two main projects from Seattle Department of Transportation and three from the Seattle Center. Additional projects may be undertaken if additional revenue becomes available (the overall DBE goal will be adjusted if necessary). These six anticipated contracts with the calculated percentage of federal dollars allocated to each project category are listed in Table 1.

Table 1: Anticipated FTA-assisted contracts for FY 2020 - 2022

Projects	FTA Funds
Madison Corridor Bus Rapid Transit (BRT)	\$62,138,226
Roosevelt RapidRide	\$31,292,426
Station Reconfiguration	\$1,550,000
Westlake Station Electrical Rooms Renovation	\$1,850,000
Train Door Refurbishment	\$900,000
Train Floor Refurbishment	\$900,000
	\$98,630,652

b) Assignment of Work Codes/NAICS Codes

The study next analyzed the scope of work of each project category and identified North American Industry Classification System (NAICS) codes by project and description, as shown in **Table 2**.



Table 2: Anticipated FTA-assisted contracts Classified by NAICS codes and description

Projects	NAICS	NAICS Description
Madison Corridor Bus Rapid Transit (BRT)	237310	Highway, street and Bridge Construction
	237110	Water and Sewer Line and Related Structures Construction
	238210	Electrical Contractors and other wiring installation
	541330	Engineering Services
	561730	Landscaping Services
	561990	All other support Services
Roosevelt RapidRide	237310	Highway, street and Bridge Construction
	237110	Water and Sewer Line and Related Structures
	238210	Electrical Contractors and other wiring installation
	541611	Strategic Planning Consultant Services
	541820	Public Relations Consulting Agencies
	561730	Landscaping Services
	561990	All other support Services(Traffic control)
Station Reconfiguration	238210	Electrical Contractors and other wiring installation
	238990	All other Specialty Trade Contractors
	541310	Architectural Services
	541330	Engineering Services
Westlake Station Electrical Rooms Renovation	238210	Electrical Contractors and other wiring installation
	238220	Plumbing, heating, and Air-Conditioning Contractors
	541330	Engineering Services
Train Door Refurbishment	238990	All other Specialty Trade Contractors
	541330	Engineering Services
Train Floor Refurbishment	238990	All other Specialty Trade Contractors
	541330	Engineering Services

c) Determination of Market Area

For purposes of DBE goal-setting, Seattle market area was defined as the Tri-County region including King, Pierce and Snohomish Counties, based on City of Seattle service area and bidder/vendor database profiles. The substantial majority of contractors and subcontractors working on City projects are located in one of these three counties. This market area is also used by Sound Transit, a local FTA recipient.

d) Calculation of Relative Availability

49 CFR Part 26.45 Section (c) states that Step 1 must begin by determining a base figure for Relative Availability, and that any percentage figure derived is considered a basis to begin examining all evidence available within the jurisdiction. The City of Seattle calculated Relative Availability of DBE firms using the following sources of information:



- The *Washington State Office for Minority and Women Business Enterprise (OWMBE)* was used to identify the number of certified DBEs willing to perform work in the City of Seattle’s market area for each NAICS code identified in the four contracts included in the analysis.
- The *U.S. Census Bureau’s County Business Patterns (CBP) database* was used to identify the total number of businesses available in the City of Seattle’s market area to work on each of NAICS code identified for the anticipated contracts. For this analysis, the most recent available (2016) data from the CBP was used.

The relative availability was calculated dividing the number of DBEs (numerator) by the number of all businesses (denominator) for each NAICS code. The calculations yielded the following percentages (noted as “DBE% Relative Availability” Table 3).

$$\text{Relative Availability} = \frac{\text{Number of DBEs}}{\text{All firms (including DBEs and non DBEs)}}$$

Table 3: Relative Availability

GOAL SETTING - DBE ANALYSIS TOWARDS FTA GOAL									
NAICS	CENSUS (CBP)				OMWBE				DBE %
	King	Pierce	Snoh	Total	King	Pierce	Snoh	Total	
237310	52	26	29	107	18	1	3	22	20.6%
238210	471	229	285	985	14	6	1	21	2.1%
238220	469	198	269	936	6	3	2	11	1.2%
238990	141	94	94	329	14	12	3	29	8.8%
561990	104	35	27	166	12	4	2	18	10.8%
541310	435	37	33	505	22	2	2	26	5.1%
541330	714	97	185	996	55	3	7	65	6.5%
541611	941	78	129	1,148	70	6	9	85	7.4%
541820	132	7	10	149	9	1	3	13	8.7%
561730	766	281	397	1,444	12	8	6	26	1.8%
				7,000				382	5.5%



e) DBE Decertified Firms

FTA’s “Tips for Goal Setting” recommend making adjustments for decertification in Step One (Base Figure) of the process. The decertification of DBE firms is administered by OMWBE. The list of decertified firms was not available therefore no adjustments were made to the Step One.

f) Weighted Base Figure

Following the FTA recommendations from the “Tips for Goal setting” the relative availability was weighted based on the dollar amount projected to be spent on each NAICS code. This part of the process emphasizes contracting opportunities based on relative importance to the City needs.

A weight was calculated based on the projected dollars assigned to each NAICS code. Then, for each NAICS code, the percentage of relative DBE availability was multiplied times the corresponding weight. Finally, the resulting weighted percentages were added up to, as shown in Table 4. The weighted DBE availability is 15.1%.

$$\text{Weighted Base Figure} = \text{Weight} \times \text{Relative Availability}$$

Table 4: Weighted Base Figure

NAICS	FTA Funds	Weight % Federal Funds	CENSUS (CBP)	OMWBE	DBE % (Relative Availability)	% Weighted Base Figure
			Total Firms	Total Firms		
237310	\$ 62,448,326	63.3%	107	22	20.6%	13.02%
238210	\$ 17,795,328	18.0%	985	21	2.1%	0.38%
238220	\$ 100,000	0.1%	936	11	1.2%	0.00%
238990	\$ 2,450,000	2.5%	329	29	8.8%	0.22%
561990	\$ 6,015,328	6.1%	166	18	10.8%	0.66%
541310	\$ 250,000	0.3%	505	26	5.1%	0.01%
541330	\$ 3,844,426	3.9%	996	65	6.5%	0.25%
541611	\$ 200,000	0.2%	1,148	85	7.4%	0.02%
541820	\$ 200,000	0.2%	149	13	8.7%	0.02%
561730	\$ 2,287,664	2.3%	1,444	26	1.8%	0.04%
	\$ 98,630,652	100.0%				15.1%



STEP 2. BASE FIGURE ADJUSTMENT

Per 49 CFR 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure to make the DBE goals as precise as possible. This adjustment can be made if relevant and reliable data is available. The City of Seattle considered the following factors in order to determine whether an adjustment to the Step 2 base figure is appropriate for the FY 2020-2022 goal.

- **Other Disparity Studies**
 Sound Transit is currently conducting a disparity study. This study will report on the current market availability and capacity of Disadvantaged Business Enterprises (“DBEs”) and Minority Businesses and Women owned Businesses (“collectively M/WBE”) and their utilization. This study will also identify SBE utilization and any disparity of DBEs and M/WBEs and utilization in transportation or similarly related engineering and construction industries. Unfortunately, data from that study will not be available until later this year. The only comparable data source is Sound Transit previous 2013 study. Because the 2013 study evaluated contracting activity between 2017-2019, the City of Seattle determined the data is not recent enough to reflect current or future contracting trends. At this time, the City of Seattle is not aware of any other regional DBE disparity studies for similar agencies.

- **Other sources of data suggested by FTA that were not available at the time this document was written include:**
 - Statistical disparities in the ability of DBEs to get financing, bonding and insurance; and
 - Data on employment, self-employment, education and training, union apprenticeship programs.

- **Historical DBE participation**
 The table below reflects the DBE participation on FTA – assisted contracts awarded within the last three (3) federal fiscal years.

Table 5: Dollar Value of Past DBE Participation

FY - DBE Annual review	Contract Awards (\$)	DBE Participation (Dollar Value)	FTA DBE Participation (%)
2017	0	0	0
2018	1,265,690	256,913	20%
2019 ²	3,255,968	610,848	19%
Median DBE Participation within the last three years			19%

The DBE participation attainments during the last two years provide evidence of DBE availability and capacity to perform on FTA Federal funded projects. The work performed during the FFY 2017 period on direct FTA grants was very limited and consisted only of continuation of previously awarded contracts with no DBE participation. The City did not award nor have any commitments for FFY 2017 and had no contract completed in this timeframe. Table 5 shows that City of Seattle has consistently exceeded the goal and has a median of 5.1% of participation in excess of the Overall goal.

² Overall DBE utilization expected for 2019 fiscal year.



City of Seattle also considered the amount by which past goals were exceeded, as well as past history of inability to achieve goals in determining the race-neutral and race-conscious proportion. FTA recommends increasing the race-conscious portion of the annual goal to account for the proportion of previous years' goals that was not met or increasing the race-neutral portion to account for exceeding goals.

A review of past DBE participation during the three years showed there is not a correlation to the total amount of contract dollars awarded and the percentage of DBE participation. For example, while FFY 2018 had a lower amount of total federal dollars, it did not have the lowest DBE participation percentage.

Table 6: Comparison scope of work (Triannual Fiscal Years)

<i>Triannual Fiscal Years</i>	Anticipated FTA Federal funds	Similar scope of work (NAICS)
2017 -2019	16,731,325	11,869,825
2020 -2022	98,630,652	65,202,870

The forecasted budget of federal funds for construction in FFY 2020- 2022 is anticipated to be significantly more than in the past three years. City of Seattle anticipates that the work contracted over the next three fiscal years (FFY 2020-2022) will be 60% similar within scope of work to that contracted over the past three years (FFY 2017-2019) See table 6.

The resulting conclusion was that although the overall amount of federal contracting dollars may be increased, the ratios of the type of work to be performed will remain approximately the same.

A final DBE goal was calculated as the average of the base figure and Sound Transit’s DBE goal. Based on this analysis, the City of Seattle proposes an overall DBE goal of 17.05% of FTA funds that will be expended in FTA-assisted contracts in Fiscal Years 2020-2022, exclusive of funds to be used for the purchase of transit vehicles and equipment.

Average Median Past Participation % with Base Figure %:

$$\frac{19\% + 15.1\%}{2} = 17.05\%$$

³ Race Neutral DBE utilization expected for 2019 fiscal year



USE OF RACE-NEUTRAL METHODS AND DBE CONTRACT GOALS

The U.S. DOT regulations require that race-neutral methods be used to the maximum extent feasible to achieve the DBE overall goal. City of Seattle is committed to implement strategies to maximize DBE participation through race-neutral methods including making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses; breaking large projects into smaller subparts for which small businesses and DBEs will be more likely to compete; encouraging prime contractors to subcontract portions of the work that they might otherwise perform themselves; and providing technical assistance, communications programs, and other support services to facilitate consideration of DBEs and other small businesses.

	Race – Neutral DBE Amount	Total Contract Amount	RN DBE %
2017	0	0	0%
2018	159,968	1,265,690	13%
2019 ³	610,848	3,255,968	19%
Median DBE Participation within the last three years			13%

Our annual review analysis and semi-annual DBE reports over the past three years has consistently exceeded the goal and has a median DBE participation of 13%. This combined with the race-neutral efforts methods that the City of Seattle currently use and will continue implementing is confident that can meet the race-neutral goal.

A factor in assessing the availability of DBE firms is the capacity concerns Related to Industry growth that may impact the types of contracting opportunities in the future. The state of Washington is experiencing significant growth which is forecasted to continue throughout the next three years. There are concerns that concurrent major projects may potentially impact the availability of DBE firms that provide cross-over services such as civil engineering, environmental, concrete, building construction, trucking, etc.

Based on this information, the City of Seattle proposes an overall DBE goal of 17.05 % with an 4.05% race-conscious component 13% race and gender-neutral component on FTA-assisted contracts to be awarded in Fiscal Year 2020 through Fiscal Year 2022. The City will continue implementing race-neutral methods for facilitating DBE participation which have proven to be effective, such as:

- Advising prospective contractors of areas for possible subcontracting and of the availability of ready, willing and able subcontractors, including DBE firms, to perform such work.
- Hosting Meet the Prime networking events. These events provide opportunities for small businesses to build relationships with large contractors that do business with the City and other agencies in the Puget Sound region. At these events, small businesses share their products, services and professional expertise with large businesses and City staff.
- Holding “First Friday” events. The City conducts a monthly event staffed by contract administrators and buyers. DBEs and other small businesses share information about their products and services with staff, learn about City processes and programs and obtain information and assistance on registering as



a vendor with the City. This year, City of Seattle expanded this program by providing the First Friday Spanish-workshop every quarter.

- Attending vendor fairs/business networking events. City of Seattle representatives attend vendor fairs hosted by other agencies to share upcoming contracting opportunities and to provide information on how to do business with the City.
- Maintaining memberships in contracting stakeholder organizations. The City of Seattle is a member of multiple contracting-oriented organizations and attends monthly membership meetings and membership events to inform contractors about upcoming opportunities.
- Providing contract look-ahead information: The City conducts an annual networking event to showcase projects from the City's capital departments. Outreach activities are targeted to small and disadvantaged businesses to encourage business networking and teaming. Project managers from each of the City's capital departments present their projects by describing the scopes of work, schedule and budget.
- The City selected the Northwest Mountain Minority Supplier Development Council (NWMMSDC) through a competitive process to provide Technical Assistant beginning last quarter of 2019. NWMMSDC will provide no-cost, independent, one-on-one counseling services to DBEs, small businesses and any other businesses interested in finding, bidding and winning City of Seattle contracts and subcontracts and contracts with other government entities.
- City of Seattle will continue monitoring DBE participation for federal-aid projects annually to determine whether market conditions warrant adjustments to the overall DBE goal, or individual race-conscious and race-neutral components.

PUBLIC PARTICIPATION

The City of Seattle followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26. and employs a consultative process requesting input from organizations serving or representing DBEs, minority-owned or women-owned business, state or local procurement offices, public agencies responsible for enforcing civil right laws, local labor offices, and any other relevant organizations.

The purpose of this public consultation was to gather information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and our efforts to establish a level playing field for the participation of DBEs. The City of Seattle invited members of multiple organizations to meet in person, including but not limited to: Tabor 100, National Association of Minority Contractors, Washington Association of General Contractors, Northwest Mountain Minority Supplier Diversity Council, Northwest Small Business Transportation Resource Center, Women's Transportation Seminar and Women in Highway Construction. The public engagement meeting were on the following dates (See list of attendees and sample of email invitation below):



- July 22, 2019 at Seattle Municipal Tower
- July 23, 2019 at Northgate Community Center
- July 24, 2019 at Tabor HUB, University of Phoenix, Tukwila

The comments provided by the public were taken into consideration and modifications were made to determinate the availability of DBE firms.

City of Seattle will publish the proposed overall annual DBE goal for the triennium in the Seattle Daily Journal of Commerce and City of Seattle website. The notice will inform that the proposed goal will be available for public comment of the goal methodology for over 30 days from the date of publication.

**City Purchasing and Contracting Services
FTA – DBE Goal Setting 2020-2022 Presentation**

Date: 7/22/19
 Conference Room: SMT-4080 Time: 5-6 pm

Record of Attendance

Name	Phone	Email Address	Company name
RICH REIS	206-621-1218 EXT. 227	rich@linassociates.com	Lin & Associates
Tamara Harris	(206) 639-8438	yeswecan-flagger@gmail.com	Yes We Can Flaggers
Rachel Novotny	206-462-6353	rnovotny@prpbiz.com	PRR
Josh Stephenson	206-321-4205	josh@stephensonassociates.com	S&A Communications
Fernando Martinez	253-243-6457	Fmartinez@nwmta.org	NW MTA MORA
Marcia Diaz	425-344-8641	Marcia@cb-associates.com	CB ASSOCIATES

**City Purchasing and Contracting Services
FTA – DBE Goal Setting 2020-2022 Consultation meeting**

Date: 7/23/19
 Location: Northgate Community Center Time: 6-7

Record of Attendance

Name	Phone	Email Address	Company name	Certified DBE (Y/N)
SANTANU MOWAR	425-218-9316	smowar@comcast.net	Pacific Geo Engg (PGE)	Y



Good Afternoon Regina,

The City of Seattle is in the process of setting its Disadvantaged Business Enterprise (DBE) Triennial Overall Goal for Federal Transit Administration (FTA) assisted contracts. The overall goal is for a three-year period; Federal Fiscal Years 2020-2022.

As interested business stakeholders, you are invited to participate in a public engagement meeting to learn how the City of Seattle establishes the proposed Disadvantaged Business Enterprise goal and to provide your comments on the proposed goal and methodology. The consultation meetings will be held on:

DATE: Monday, July 22, 2019
Time: 5:00 p.m. to 6:00 p.m.
Location: Seattle Municipal Tower, Suite 4080
700 5th Ave, Seattle, WA 98104

DATE: Tuesday, July 23, 2019
Time: 6:00 p.m. to 7:00 p.m.
Location: Northgate Community Center
10510 5th AVE NE, Seattle, WA 98125

DATE: Wednesday, July 24, 2019
Time: 6:00 p.m. to 7:00 p.m.
Location: University of Phoenix – HUB Tabor 100
7100 Fort Dent Way, Suite 100, Tukwila, WA 98188

On August 1, 2019, the City of Seattle will publish the proposed Triennial DBE goal in the Seattle Daily Journal of Commerce and on the City of Seattle website. This notice will inform the public that the proposed goal and methodology will be available for public comment for at least 30 days after the date of publication.

