



City of Seattle

Federal Transit Administration

**OVERALL DBE METHODOLOGY AND GOAL
FISCAL YEARS 2015-2016**

OVERALL DISADVANTAGED BUSINESS ENTERPRISE GOAL AND GOAL SETTING METHODOLOGY FISCAL YEARS 2015-2016

I. SUMMARY

The City of Seattle has prepared this document to describe the methodology used to establish its Disadvantaged Business Enterprise (DBE) overall 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.

This document was developed in the middle of the regular three-year period (Federal Fiscal Year 2014-2016) to provide an updated DBE goal and methodology to reflect significant changes in project scope and the value of projects that are expected to receive FTA funding within the current cycle. The updated methodology and goal includes the Broadway Streetcar Extension, a \$10 million dollar project not previously included.

II. PROPOSED OVERALL GOAL FOR FFY 2015-2016

For the Federal Fiscal Year (FFY) period 2015-2016 (Oct. 1, 2015 to Sept. 30, 2016), the Seattle Department of Transportation and Seattle Center, FTA fund recipients, will use an overall DBE goal of 13.7 percent with an 8.1 percent 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 that are known to be available to compete in FTA-assisted contracts. The overall DBE goal reflects staff's determination of the level of DBE participation that 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.



Each step of the process is described below:

STEP 1. BASE FIGURE

The relative availability of DBEs to perform work on contract was calculated 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 FFY 2015-2016 is expected to consist of three contracts from the Seattle Department of Transportation and one from the Seattle Center². Additional projects may be undertaken if additional revenue becomes available (the overall DBE goal will be adjusted if necessary). These four 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 FFY 2015-16

Projects	FTA Funds
Low Income Access to Bike Share Network	\$397,800
Broadway Streetcar Extension	\$10,000,000
South Lake Union Streetcar Maintenance	\$56,124
Monorail Maintenance	\$1,540,000
	\$11,993,924

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.

² The Broadway Streetcar Extension project is expected to be procured in the middle of 2016. However, a small schedule delay will push the project beyond the scope of this study into the next goal-setting cycle (2017-2019).



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

NAICS Work Code/Project Category		Description
237110	Broadway Streetcar Extension, South Lake Union Streetcar: Construction	Water and Sewer Line and Related Structures
237310		Highway, Street and Bridge Construction
237990		Other Heavy and Civil Engineering Construction
238110		Poured Concrete Foundation and Structure Contractors
238120		Structural Steel and Precast Concrete Contractors
238210		Electrical Contractors and Other Wiring Installation
238220		Plumbing, Heating, and Air-Conditioning Contractors
238910		Site Preparation Contractors
238990		All Other Specialty Trade Contractors
336510		Streetcars and car equipment, urban transit,
485119		Low Income Access to Bike Share, Monorail Maintenance: Architecture and Engineering Professional Services
541310	Architectural Services	
541330	Engineering Services	
541611	Strategic Planning consulting services	
541613	Marketing Consulting Services	
541820	Public Relations Agencies	

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 for 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 NAICS code identified for the anticipated contracts. For this analysis, the most recent available (2012) 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

NAICS	CENSUS (CBP)				OMWBE				DBE % (Relative Availability)
	King	Pierce	Snoh	All Firms	King	Pierce	Snoh	DBE Firms	
237110	53	32	45	130	12	4	6	22	16.9%
237310	57	24	32	113	22	10	2	34	30.1%
237990	39	9	4	52	10	4	4	18	34.6%
238110	107	75	81	263	7	2	3	12	4.6%
238120	18	9	12	39	5	2	1	8	20.5%
238210	478	217	269	964	9	2	1	12	1.2%
238220	428	169	234	831	6	1	2	9	1.1%
238910	189	119	123	431	13	9	6	28	6.5%
238990	141	83	83	307	10	8	0	18	5.9%
336510	0	0	0	0	0	0	0	0	0.0%
485119	1	0	0	1	0	0	0	0	0.0%
541310	395	37	31	463	17	1	2	20	4.3%
541330	666	95	153	914	41	2	7	50	5.5%
541611	811	84	114	1,009	41	4	1	46	4.6%
541613	500	25	53	578	5	2	1	8	1.4%
541820	126	5	8	139	7	1	1	9	6.5%

e) DBE Decertified Firms

FTA’s “Tips for Goal Setting” recommends making adjustments for decertification in Step 1 (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 Step 1.



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 allows the City to emphasize 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 by the corresponding weight. Finally, the resulting weighted percentages were added up as shown in Table 4. The weighted DBE availability is 15.1 percent.

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

Table 4: Weighted Base Figure

NAICS	FTA Funds	WEIGHT % Federal Fund	CENSUS (CBP)	OMWBE	DBE % (Relative Availability)	% Weighted Base Figure
			All Firms	DBE Firms		
237110	\$ 500,000	4.2%	130	22	16.9%	0.7%
237310	\$ 1,500,000	12.5%	113	34	30.1%	3.8%
237990	\$ 1,996,124	16.6%	52	18	34.6%	5.8%
238110	\$ 1,500,000	12.5%	263	12	4.6%	0.6%
238120	\$ 1,500,000	12.5%	39	8	20.5%	2.6%
238210	\$ 1,620,000	13.5%	964	12	1.2%	0.2%
238220	\$ 40,000	0.3%	831	9	1.1%	0.0%
238910	\$ 1,000,000	8.3%	431	28	6.5%	0.5%
238990	\$ 1,812,000	15.1%	307	18	5.9%	0.9%
336510	\$ -	0.0%	0	0	0.0%	0.0%
485119	\$ 276,800	2.3%	1	0	0.0%	0.0%
541310	\$ 24,000	0.2%	463	20	4.3%	0.0%
541330	\$ 104,000	0.9%	914	50	5.5%	0.0%
541611	\$ 36,300	0.3%	1,009	46	4.6%	0.0%
541613	\$ 24,200	0.2%	578	8	1.4%	0.0%
541820	\$ 60,500	0.5%	139	9	6.5%	0.0%
	\$ 11,993,924	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 analyzed the following data sources to determine if an adjustment is required and found the following:

- Past participation – The primary form of evidence available is the past participation of DBEs in Transit Division contracting. It is the judgment of the City of Seattle that it is not possible to provide a rational basis for a numerical adjustment of the base figure based on past participation, due to the very different nature of the anticipated contracts, compared with past contracting (i.e., an anticipated emphasis on contracting related to streetcar related work). However, the proposed DBE goal is in line with historical utilization on Federal Highway Administration-funded projects using race-conscious means.
- Disparity studies – Sound Transit retained the services of BBC Research Consulting to conduct a disparity study, which was completed in September 2013. This study relied on past participation of DBEs on Sound Transit projects and made adjustments based on self-employment rates. The market area used in the study is consistent with the one used by the City of Seattle. The adjusted base figure calculated for Sound Transit was 12.4 percent.

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;
- Data on employment, self-employment, education and training, union apprenticeship programs.

A final DBE goal was calculated as the average of the base figure (Step 1) and Sound Transit's DBE goal. Based on this analysis, the City of Seattle proposes an overall DBE goal of 13.7 percent of FTA funds that will be expended in FTA-assisted contracts in FFY 2015-2016, exclusive of funds to be used for the purchase of transit vehicles and equipment.

USE OF RACE-NEUTRAL METHODS AND DBE CONTRACT GOALS

The USDOT regulations require that race-neutral methods be used to the maximum extent feasible to achieve the DBE overall goal. The 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.



However, the Sound Transit disparity study found that all minority-owned businesses groups exhibited substantial disparities and non-Hispanic women-owned businesses did not exhibit substantial disparities. The study documented that 5.6 percent of the DBE participation can be achieved through race-neutral means.

Based on this information, the City of Seattle proposes an overall DBE goal of 13.7 percent with an 8.1 percent race-conscious component and 5.6 percent race and gender-neutral component on FTA-assisted contracts to be awarded in FFY 2015-2016. The race-conscious component will be made available only to the businesses listed above. The City will continue developing race-neutral methods for facilitating DBE participation:

- The City will advise prospective contractors of areas for possible subcontracting, and of the availability of ready, willing and able subcontractors, including DBE firms, to perform such work.
- The City will carefully monitor its progress during the course of the year and may make adjustments to achieve the overall DBE participation goals for FFY 2015-2016.

