

Metropolitan Council DBE Three Year Goal

Federal Transit Administration (FTA) DBE Program

- Federal program to create a level playing field for Disadvantaged Business Enterprises (DBE) and ensure nondiscrimination in the award of contracts (49 CFR §26)
- Each recipient of USDOT funding is responsible for setting an overall program goal every three years

FTA DBE Program 3 Year Goal

- Goal methodology prescribed in 49 CFR §26.45 (c) & (d)
- Reflects level of DBE participation we would expect absent effects of discrimination
- Semi-Annual reporting (June & December) track DBE achievement

DBE Goal FFY 2018 -2020

- DBE Goal FFY 2018 – 2020 is 15%
- Goal achievement is based on awarded contracts
- Data through March 31, 2020
 - 598 contracts awarded
 - 266 contracts awarded to DBE
 - 11.2% achievement

Goal Calculation Methodology

Step One – Determining a Base Figure

- DBE Relative Availability is weighted by estimates of future spending
 - Takes into account what types of firms are typically used in projects assisted by federal funds

Step Two – Adjustments

- Levels of past DBE participation on Council projects

Determining Relative Availability

- Firms in 7 county metropolitan area
 - Ready, willing and able (RWA) DBEs:
 - MN Unified Certification Program (MNUCP) DBE Directory
 - All RWA firms:
 - US Census Bureau's *American FactFinder*
- Determined Relative Availability by individual six-digit North American Industry Classification System (NAICS) code

$$\frac{\text{Number of RWA DBEs for NAICS code (MNUCP DBE Directory)}}{\text{Number of all RWA firms for NAICS code (Census Bureau)}}$$

Weighting Relative Availability

- Relative availability shows the raw percentage of RWA DBEs as part of the overall pool
- Relative availability can be weighted by total spending for a more accurate number for goal-setting

Base Figure

- Future spending estimates include:
 - 25 projects
 - Work across 27 NAICS codes
- Using relative availability & percentage of future spending for each NAICS code, the weighted availability provides a base figure of **10%**

Adjusted Base Figure

- Median past DBE participation from 2015 - 2019 was **15%**
- The adjusted base figure is the average of the base figure & median past participation:
- Adjusted Base Figure = $\frac{10\% + 15\%}{2} \approx 12.5\% = \mathbf{13\%}$
- **Proposed 13% FTA DBE Program Goal for FFY 2021 - 2023**

Environmental Protection Agency (EPA) DBE Program

- Federal program to create a level playing field for DBEs and ensure nondiscrimination in the awarding of contracts (40 CFR §33)
- 2019 EPA suspended requirement to set 3-year goal
- Despite the EPA suspension, the Metropolitan Council in practice has committed to consistent use of FTA DBE program requirements for EPA DBE program

EPA DBE Program

- The Metropolitan Council is in the process of updating internal policy allowing the Council to adopt FTA DBE program requirements into our EPA program processes and procedures
- It is important to the Council to maintain this practice, as these goals establish a standard of expectation

EPA DBE Goal FFY 2017 -2019

- DBE Goal FFY 2017 – 2019 was 14%
- Goal achievement is based on amount paid to DBE firms on active projects
- Data through October 1, 2019
 - 12.3% achievement

Base Figure

- Future spending estimates include:
 - 20 projects
 - Work across 19 NAICS codes
- Using relative availability & percentage of future spending for each NAICS code, the weighted availability provides a base figure of **7.4%**

Adjusted Base Figure

- Median past DBE participation from 2015 - 2019 was **14.4%**
- The adjusted base figure is the average of the base figure & median past participation:
- Adjusted Base Figure = $\frac{7.4\% + 14.4\%}{2} \approx 10.9\% = 11\%$
- **Proposed 11% EPA DBE Program Goal for FFY 2021 - 2023**

Considerations

- Next triennium may be effected by current market conditions as compared to previous years
- DBE pool is finite and is being exhausted by previously awarded large contracts such as SWLRT
- Many of the same contractors are working on both EPA and FTA contracts.
- 2019 report showed 86% of EPA funded construction contracts were performed by 2 minority-owned DBE firms, and 3 woman-owned DBE firms
- These same firms are currently committed to large FTA projects straining capacity

Additional Considerations

- The effects of COVID on the DBE is not yet known but must be considered
- Mindful of the effects to small businesses and the challenges they may face moving forward
- Goals are reasonably attainable
- Program commitment remains to the program, continued support will be provided
- Dedicated to increasing opportunities and goal setting activity

Recommendation

- As the goal methodology prescribes the proposed DBE Program Goals for FFY 2021-2023 are as follows:
 - 11% EPA DBE Program Goal
 - 13% FTA DBE Program Goal