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:

\[
\text{Adjusted Base Figure} = \frac{10\% + 15\%}{2} \approx 12.5\% = 13\%
\]

• 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:

\[
\text{Adjusted Base Figure} = \frac{7.4\% + 14.4\%}{2} \approx 10.9\% = 11\%
\]

- 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