SCOPE OF SERVICES

FY 2024-2026 FTA DBE GOALS REPORT

BACKGROUND

Metropolitan Council's disadvantaged business enterprise (DBE) program is an affirmative action program designed to combat discrimination and its continuing effects by providing contracting opportunities on Federally funded highway, transit, and airport projects for small businesses owned and controlled by socially and economically disadvantaged individuals.

Metropolitan Council is a recipient of federal transportation dollars awarded through the Federal Transit Administration (FTA). As such, Metropolitan Council is required to establish a three-year goal and submit it to the FTA for review.

OBJECTIVE

Conduct a high quality and legally defensible approach to produce the DBE goals by race/ethnicity and gender.

SCOPE

Step 1: Determine the base figure for the relative availability of DBEs in the specific industries and geographical market from which DBE and non-DBE contractors are drawn
   a. Compare multiple definitions of three to five geographic market areas that meet the legal standard of 75% or more of contract dollars expended.
   b. Compute the share of dollars awarded in each geographic market area.
   c. Compute as availability rates using all available data from the following: DBE List, Dun and Bradstreet data, Vendor Lists, Certification Agencies, and Bidders List.
   d. Determine NAICs codes for expenditures.
   e. Compute weights.
   f. Derive the weighted availability rates for alternative geographic market area definitions for each method in (c) above.

Step 2: Adjust the base in light of other evidence regarding the market area
Method 1:
   a. Estimate log (contract amount) equations for previous three to five years.
   b. Compute measure of discrimination using the dummy variable regression method and the residual difference method.
   c. Test for statistical significance.
   d. Compute the percentage gap in the contract amounts that cannot be explained by differences in qualifications of firms.
   e. Adjust the base goal by this measure of discrimination.
   f. Adjust the base goal due to net-exit rates of DBEs from the marketplace.
   g. Redo for other market determinants of availability of willing, able, and qualified firms

Method 2:
   a. Estimate the median of DBE participation in the past three years.
   b. Adjust the base goal due to net-exit rates of DBEs from the marketplace.

Step 3: Breakdown the adjusted goal into race-neutral and race-conscious goals
The adjusted base is the race-neutral methodology pioneered by the Selected Proposer and provides the only statistically generated computation of the maximum feasible portion of an overall goal that can be achieved exclusively by race-neutral means.

In summary, The Selected Proposer will produce a range of estimates of the availability rates based on rigorously defined geographic market areas, adjust the base goal and compute using econometric methods, the maximum race-neutral portion

of the goal. Experience shows that when management has a range of rationally developed goals, decisions can be more easily defended and implemented.

WORK PLAN
The Selected Proposer will perform the following tasks:

Task Descriptions

Task 1: Data Collection
The Selected Proposer will collect for Metropolitan Council, and other organizations relevant data for the study.

Task 2: Definition of Geographic Market Area
The Selected Proposer will consider two broad methods to narrowly define the geographic market: political jurisdictional method and the virtual method based on the location of contracts and/or contractors in the Metropolitan Council database.

Task 3: Calculation of Utilization
The Selected Proposer will analyze the contracting and procurement data and calculate the share of contracts awarded to DBEs by race, ethnicity, and gender.

Task 4: Calculation of Availability
Determine the availability of DBEs using different methods: the DBE method, the Dun and Bradstreet method, the Vendor List method, and the Bidders List method.

Task 5: Base Goal Setting
Estimate a base goal figure based on the Geographic Market Areas, Utilization and Availability analysis.

Task 6: Narrow Tailoring
The base figure will be adjusted in light of other evidence regarding the market area, past participation and net-exit rates of DBEs from the marketplace, and survey results. The adjusted base is the race neutral methodology pioneered by the Selected Proposer and provides the only statistically generated computation of the maximum feasible portion of an overall goal that can be achieved exclusively by race neutral means.

Task 7: Draft Report
Prepare a draft final report, following Metropolitan Council publication guidelines, to document project activities, findings, and recommendations. Submit for technical and editorial review. The final report will include detailed recommendations for activities to remedy the effects of any discrimination identified and to reduce or eliminate any other marketplace barriers that adversely affect the contract participation of disadvantaged, minority, and women-owned businesses.

Task 8: Virtual Public Hearings and Comments
Virtual public meetings will be scheduled to discuss the goal methodology and receive public comments.

Task 9: Final Report Completion and Submittal to Metropolitan Council
Incorporate, technical and editorial comments from the review process into the document as appropriate. Consult reviewers for clarification or discussion of comments. Prepare and submit a revised final report for publication to the Metropolitan Council.

Task Deliverables

Task:	Deliverable(s):
1:	Electronic files with all databases developed during the project.
2:	A definition of the geographical marketplace that will be the focus of the DBE Goals report.
3:	Summary statistics of utilization of DBEs by race, ethnicity, and gender.
4:	Summary statistics of availability of DBEs by race, ethnicity, and gender.
5:	Base goal.
6:	Adjustment goal and draft narrative report.
7:	Draft of the final report.
8:	Narrative report includes public comment.
9:	Final report.

PROJECT SCHEDULE

Based on Notice to Proceed and key milestones provided below, the Proposer should provide a proposed schedule for the completion of each task.

Key Milestones

Milestone	Target Date	Description
Utilization analysis	No later than 8 weeks after Notice to Proceed	Analyze the contracting and procurement data and calculate the share of contracts awarded to DBEs by race, ethnicity, and gender.
Availability analysis	No later than 8 weeks after Notice to Proceed	Determine the availability of DBEs using different methods.
Base goal	No Later than 4 weeks after availability assessment	Estimate a base goal figure based on the Geographic Market Areas, Utilization and Availability analysis.
Adjustment to base goal	No later than 4 weeks after base goal determined	The base figure will be adjusted in light of other evidence regarding the market area, such as past participation and net-exit rates of DBEs from the marketplace.
Draft of the final report	August 25, 2023 or sooner	Draft of the final report
Public Comment Period	30 day period after submission of draft report	Virtual Public Meetings scheduled and held, collection of public comments, narrative report to include public comments.
Final Report	September 29, 2023	Final Report

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