

FTA TRIENNIAL DBE GOAL FOR FFY 2021 - 2023

Metropolitan Council Office of Equal Opportunity



August 2020

The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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Metropolitan Council Triennial DBE Goal for FFY 2021- 2023

Executive Summary

Pursuant to 49 CFR 26.45, the Metropolitan Council is required to set a Disadvantaged Business Enterprise (DBE) program goal every three years. This document presents the Metropolitan Council's triennial DBE program goal for the federal fiscal years of 2021- 2023 and the methodology used to calculate the goal.

The Metropolitan Council's DBE program goal for FFY 2021- 2023 is 14% DBE participation in USDOT-assisted Council projects. This goal includes a race/gender conscious goal of 11% and a race/gender neutral goal of 3%.

Methodology Options for Calculating DBE Goal

The goal setting process begins by determining a base figure for the relative availability of DBEs. The following are optional approaches outlined in 49 CFR 26.45 that a recipient may take toward determining a base figure. These options are intended to serve as a starting point for the goal setting process. Any percentage figure derived from one of the optional methodologies should be considered a basis from which you begin when examining all evidence available in its jurisdiction.

1. **Use DBE Directories and Census Bureau Data** – Divide the number of DBEs in your relevant market from your DBE directory, by the number of DBEs by the number of all businesses in the same NAICS Code using Census Bureau data.
2. **Use a bidders list** - Determine the number of DBEs that have bid or quoted (successful and unsuccessful) on your DOT-assisted prime contracts or subcontracts in the past three years divided by the number of all businesses that have bid or quoted. ¹
3. **Use data from a disparity study** - Use a percentage figure derived from data in a valid, applicable disparity study.²
4. **Use the goal of another DOT recipient** - If another DOT recipient in the same, or substantially similar, market has set an overall goal in compliance with this rule, you may use that goal as a base figure for your goal.³
5. **Alternative methods** - you may use other methods to determine a base figure for your overall goal. ⁴

The Metropolitan Council's DBE program goal for FFY 2021 – 2023 was calculated using a base goal derived from the **DBE Directory and Census Bureau Data**.

¹ Using this approach, you must establish a mechanism to directly capture data on DBE and non-DBE prime and subcontractors that submitted bids or quotes on your DOT-assisted contracts.

² Metropolitan Council's most recent disparity study, released in 2018, was reflective of non-federally assisted procurements only.

³ Metropolitan Council's Transit and Environmental Services procurements make its market unique from other state-wide recipients

⁴ Methodology must be based on demonstrable evidence of local market conditions and be designed to ultimately attain a goal that is rationally related to the relative availability of DBEs in your market.

The calculation of this goal involved the following stages

1. Projecting future FTA-funded Council projects in FFY 2021- 2023
2. Determining the type of work in future projects
3. Defining the market area for the Metropolitan Council
4. Determining the availability of DBEs in the market area
5. Calculating the goal's base figure
6. Adjusting the base figure
7. Consultation with DBE Stakeholders
8. Public Comment
9. Race/Gender Conscious and Race/Gender Neutral calculations

Projecting Future USDOT-funded Council Projects in FFY 2021- 2023

Both the Construction and Engineering & Facilities department at Metro Transit, as well as Metropolitan Transportation Services were asked to provide a list of projects for the FFY 2021- 2023 triennium that will receive FTA funding. Those departments provided a list of 25 projects, which are listed below.

Table 1.

Project Description	Project Value
Blue Line Enhancements – MOA Phase IIA	\$15,000,000
Blue Line Enhancements – MOA Phase IIB	\$7,500,000
Garage (TBD) Wash Rack Replacement	\$300,000
Garage (TBD) Wash Rack Replacement	\$300,000
Garage (TBD) Wash Rack Replacement	\$300,000
Northstar Facilities Improvements - TBD	\$500,500
Northstar Facilities Improvements - TBD	\$350,000
Northstar Facilities Improvements - TBD	\$350,000
Power Redundancy - TBD	\$480,500
Power Redundancy – TBD	\$480,500
Hoist Preservation – TBD	\$750,000
Hoist Preservation – TBD	\$750,000
Hoist Preservation - TBD	\$900,000
Nicollet Garage Shop Modernization	\$1,200,000
Anoka County Transit Link	\$4,000,000

Hennepin County Transit Link	\$7,000,000
BRT Gold Line Construction	\$240,000,000
BRT Rush Line Professional Services	\$40,000,000
BRT B Line Construction	\$25,000,000
BRT E Line Professional Services	\$5,000,000
BRT E Line Construction	\$25,000,000
BRT F Line Professional Services	\$5,000,000
Building and Energy Enhancement – TBD	\$520,500
Building and Energy Enhancement – TBD	\$520,500
Building and Energy Enhancement - TBD	\$520,500
Total	\$381,727,500

Determining the Type of Work in Future Projects

In order to accurately calculate the relative availability of DBEs, the list of future projects provided in Table 1 must be broken down into their specific types of work by North American Industrial Classification System (NAICS) codes. The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy

Previous council projects of similarity were used to comprise a list of applicable work types, and values. Appropriate six-digit NAICS codes were assigned to each work type.

Using previous projects for each of the above categories, a total of 27 six-digit NAICS codes represent the scopes of work of the projects listed in Table 1. The six-digit NAICS codes, their projected spending values and the percentage of the total future spending are listed below in Table 2.

Table 2.

Work scopes	NAICS codes	Estimated Future Spend	% of Total
Water and Sewer Line and Related Structures Construction	237110	\$54,850,000	11.091%
Power and Communication Line and Related Structures Construction	237130	\$11,400	0.002%

Highway, Street, and Bridge Construction	237310	\$36,240,000	7.328%
Poured Concrete Foundation and Structure Contractors	238110	\$77,200,219	15.610%
Structural Steel and Precast Concrete Contractors	238120	\$17,000	0.003%
Other Foundation, Structure, and Building Exterior Contractors	238190	\$2,000,000	0.404%
Electrical Contractors and Other Wiring Installation Contractors	238210	\$47,415,327	9.588%
Plumbing, Heating, and Air-Conditioning Contractors	238220	\$1,500,667	0.393%
Painting and Wall Covering Contractors	238320	\$266,667	0.054%
Site Preparation Contractors	238910	\$90,403,000	18.280%
All Other Specialty Trade Contractors	238990	\$1,787,663	0.468%
Hoists	423120	\$2,653,000	0.536%
Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	423610	\$6,400,000	1.294%
Specialized Freight (except Used Goods) Trucking, Local	484220	\$324,891	0.085%
Support Activities for Rail Transportation	488210	\$300,000	0.061%
Architectural Services	541310	\$1,800,000	0.364%
Engineering Services	541330	\$16,951,000	4.441%
Geophysical Surveying and Mapping Services	541360	\$120,000	0.024%
Surveying and Mapping Services	541370	\$9,400,000	1.901%
Other Specialized Design Services	541490	\$3,800,000	0.768%

Administrative Management and General Management Consulting Services	541611	\$2,000,000	0.404%
Other Management Consulting Services	541618	\$9,000,000	1.820%
Other Scientific and Technical Consulting Services	541690	\$3,800,000	0.768%
All Other Professional, Scientific, and Technical Services	541990	\$5,600,000	1.132%
Security Systems Services	561621	\$266,667	0.054%
Landscaping Services	561730	\$7,600,000	1.537%
Administrative Management and General Management Consulting Services	561790	\$20,000	0.004%
Total		\$381,727,500	100%

Defining the Relevant Market Area for the Metropolitan Council

The jurisdiction of the Metropolitan Council extends across seven counties around the cities of Minneapolis and St. Paul. These seven counties are Ramsey County, Hennepin County, Washington County, Dakota County, Anoka County, Scott County and Carver County and referenced as the Metro Area for purposes of this report.

The Metropolitan Council maintains a DBE directory with three other government agencies that together form the Minnesota Unified Certification Program (MNUCP). The MNUCP Directory contains all certified DBEs that would count towards DBE participation on Metropolitan Council projects.

The seven county Metro Area best represents the market area for DBEs that perform work with the Metropolitan Council. Of the 1067 firms included in the MNUCP Directory, 598, or 56%, are located within the Metro Area. Additionally, in 2019, 56 of the 67 (83%) of DBE firms that received payments from Council FTA-funded projects were located in the Metro Area. Given the current composition in the MNUCP Directory, and the record of DBE firms participating in Council projects, the seven county Metro Area best represents the local market area for the Metropolitan Council.

Determining the Availability of DBEs in the Market Area

The 27 six-digit NAICS codes listed in Table 2 represent the scope of work included in future Council projects that will receive USDOT funding. Using the market area defined in the previous section, the relative availability of ready, willing, and able (RWA) DBEs can be calculated using data from the US Census Bureau. The Census Bureau publishes the Economic Census which includes data on the

number of firms in a given geographic area that perform work in a given NAICS code. This data is available to the specificity of six-digit NAICS codes.

Using the NAICS code data from the Census Bureau and information from the MNUCP DBE Directory, relative availability of DBEs for each NAICS code can be calculated by showing what percentage RWA DBEs represent of the overall pool of firms. The Metropolitan Council considered the option of including all certified DBEs in the MNUCP Directory and all non-certified firms located in the State of Minnesota as a defined relevant market. However, this would add to the number of firms in the numerator while leaving the number in the denominator unchanged. Based on the methodology chosen there is no objective or rational way to appropriately account for the non-certified firms that should be added to the denominator. Therefore, we proposed not to determine relative availability in this manner.

Relative availability was calculated using the 27 NAICS codes listed in Table 2. The table below shows the total number of firms, the number of DBEs, and the percentage of the total pool DBEs represent for each of the 27 NAICS codes:

Table 3

NAICS Code	Total MN Firms in Relevant Market Area	Total DBE Firms in Relevant Market Area	DBE Relative Availability
237110	88	10	0.11
237130	51	1	0.02
237310	81	24	0.30
238110	177	17	0.10
238120	16	8	0.50
238190	45	11	0.24
238210	598	23	0.04
238220	767	10	0.01
238320	503	27	0.05
238910	243	39	0.16
238990	648	44	0.07
423120	344	1	0.00
423610	156	14	0.09
484220	199	39	0.20
488210	0	0	0.00

541310	609	18	0.03
541330	639	41	0.06
541360	2	4	2.00
541370	30	11	0.37
541490	54	9	0.17
541611	1,214	71	0.06
541618	213	31	0.15
541690	318	30	0.09
541990	1,201	12	0.01
561621	103	4	0.04
561730	1124	35	0.03
561790	261	6	0.002

Calculating the Goal's Base Figure

The base figure of the overall DBE goal can be found by weighing the relative availability values in Table 3 with the spending percentages in Table 2. This allows for the base figure to better represent what work will be performed, and which DBEs are available to perform that work. This weighted figure can be calculated by multiplying the share of future spending with the relative availability for each six-digit NAICS code. The weighted availability for the NAICS codes is then added to create a total weighted relative availability figure for future Council projects.

Table 4

NAICS Code	Estimated Future Spend	% of total future spend	DBE Relative Availability In Relevant Market Area	Weighted Relative Availability
237110	\$54,850,000	11.091%	0.114	0.0163
237130	\$11,400	0.002%	0.020	0.0000
237310	\$36,240,000	7.328%	0.296	0.0281
238110	\$77,200,219	15.610%	0.096	0.0194
238120	\$17,000	0.003%	0.500	0.0000

238190	\$2,000,000	0.404%	0.244	0.0013
238210	\$47,415,327	9.588%	0.038	0.0048
238220	\$909,667	0.184%	0.013	0.0000
238320	\$266,667	0.054%	0.054	0.0000
238910	\$90,403,000	18.280%	0.160	0.0380
238990	\$783,867	0.159%	0.068	0.0003
423120	\$2,653,000	0.536%	0.003	0.0000
423610	\$6,400,000	1.294%	0.090	0.0015
484220	\$214,000	0.043%	0.196	0.0002
488210	\$300,000	0.061%	0.000	0.0000
541310	\$1,800,000	0.364%	0.030	0.0001
541330	\$16,451,000	3.326%	0.064	0.0028
541360	\$120,000	0.024%	2.000	0.0006
541370	\$9,400,000	1.901%	0.367	0.0090
541490	\$3,800,000	0.768%	0.167	0.0017
541611	\$2,000,000	0.404%	0.058	0.0003
541618	\$9,000,000	1.820%	0.146	0.0034
541690	\$3,800,000	0.768%	0.094	0.0009
541990	\$5,600,000	1.132%	0.010	0.0001
561621	\$266,667	0.054%	0.039	0.0000
561730	\$7,600,000	1.537%	0.031	0.0006
561790	\$20,000	0.004%	0.023	0.0000
	\$381,727,500	100%	4.9	13%

The base figure for the overall DBE goal for the FFY 2021- 2023 period is 13%.

Adjusting the Base Figure

The base figure of 13% can then be adjusted using past DBE participation on Council FTA-funded projects over the last five years. (2015-2019) Council FTA-funded projects attained the following rates of DBE participation:

- **2015 – 21%**
- **2016 – 21%**
- **2017 – 14%**
- **2018 – 15%**
- **2019 – 16%**

The median of those five years of participation is represented by the 2018 rate of 15% This value is averaged with the base figure to produce an adjusted base figure:

$$\frac{(13\% + 15\%)}{2} = 14\%$$

The average of the base figure and the median past participation produced an adjusted base figure of 14%.

Additional Adjustment – Other Factors

The triennial goal setting process is applicable to all recipient of USDOT funds. This includes recipients of FTA, FAA and FHWA funding. Regional agencies that receive such funding include MnDOT, and the Metropolitan Airports Commission (MAC). An additional factor to consider when setting the triennial goal is the numerical goal and achievement of these regional agencies. MAC’s current DBE goal is 14% with an achievement of 13.83% in 2019. MnDOT’s DBE goal with FHWA is 12.23% achieving 10.5% in 2019. As a recipient of FTA funds, MnDOT also has an FTA DBE goal of 9.12%. MnDOT did not achieve any DBE participation in 2019 for FTA funded projects.

This regional comparison is an additional factor that supports the Metropolitan Council’s proposed goal of 14%.

This adjusted goal of 14% represents the proposed Metropolitan Council DBE Program Goal for FFY 2021- 2023.

Consultation with DBE Stakeholders

There was consultation with minority, women’s and general contractor groups, and community organizations. The proposed goal and methodology were provided to the members of Southwest LRT DBE and Workforce Advisory Committee and the Minnesota DBE and Workforce Collaborative. Office of Equal Opportunity staff solicited direct feedback from the following partners to gain information on the health of DBEs in the region:

Association of Women Contractors
National Association of Minority Contractors
Associated General Contractors
Metropolitan Economic Development Association

The overwhelming majority of comments received were relative to the actions and efforts that need to occur in order to meet or exceed the proposed goal as opposed to the goal or methodology themselves. Ramsey County brought forth concerns that the methodology used did not appear to be

accurate in reflecting the number of all certified DBE firms in the directory relative to the identified applicable future spending NAICS codes. OEO staff reviewed the calculation in relation to the concern brought forth and determined that the NAICS code calculations were correct as they were based (per regulation) on the Council's relevant market area (7 county metro area) rather than the entire DBE directory.

Public Comment

The Council's public comment period ran from June 5 through July 6th. The fact that most of the feedback received was relative to the actions and efforts that need to occur in order to meet or exceed the proposed goal it provided the opportunity for the Office of Equal Opportunity to discuss some of the policy changes, outreach, engagement, and small business development efforts that the Council has incorporated and those that will be implemented in the future. It also highlighted the necessary work that needs to occur for the council to achieve our stated goals and objectives. Comments and feedback received during the comment period included the following:

- Hopefully NAICS codes are assigned to the request for bid processes.
- In the past there have been too few businesses owned by people of color who get project bids.
- Within the proposed DBE goal can they provide a disaggregate benchmark of utilization for the specific DBEs?
- These goals fall woefully short AND without committed, creative action by the Met Council, you will not achieve them.
- In order to achieve these goals, the Met Council needs to move aggressively to prioritize contracting with DBE's.
- A better process would have a higher goal and race-conscious practices that specifically support and preference DBE's in contracting.
- It appears that the methodology for the study was done using NAICS codes only which has so MANY faults.
- Between all our civil/racial unrest and moving into a recession, equity will even be more difficult for small firms to survive with less public dollar spending.
- AGC of MN agrees with the goals and methodology as presented by the Metropolitan Council. There is market justification at the present time for a lowered goal threshold as there is a need for more established, available, and capable Minority-Owned Enterprise (MBE) and Women-Owned Enterprise (WBE) firms. The methodology to establish the goal is defensible and well-suited to match market conditions.
- AWC believes the proposed goal of 13% DBE for the FTA is too low. I understand the methodology used including the adjustments. The achievement the past 3 years has been trending upwards at 14%, 15% and 16%.

A copy of the advertisement is attached below:

Comment now on proposed DBE program goals for 2021-23

The Metropolitan Council has prepared its recommended Disadvantaged Business Enterprise (DBE) Program goal for submission to the U.S. Department of Transportation's (USDOT) Federal Transit Administration (FTA) later this year, and is receiving public comment on the proposed program goal.

The Council's recommended DBE program goal for USDOT-assisted contracts for federal fiscal years 2021-2023 is 13%. We calculated this goal by examining future spending and the number of ready, willing, and able businesses that provide services typically needed on relevant Council projects.

The Council invites comments on the recommended goal through 5 p.m., **Monday, July 6**, via the following methods:

- Mail: Metropolitan Council
Attn: Director, Office of Equal Opportunity
390 Robert St. N.
St. Paul, MN 55101
- E-mail: DBE@metc.state.mn.us

You're also invited to participate in the virtual open house scheduled June 25. Please register to participate in advance at DBE@metc.state.mn.us.

- Thursday, June 25, 5 to 7 p.m.
[Join via WebEx](#)
Meeting number (access code): 146 647 8750
Meeting password: jmJvTUHD568 (56588843 from phones)

The Council must submit its goal by Aug. 1. [Learn more about the recommended goal and the process for creating it.](#)

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Open Houses

Office of Equal Opportunity staff conducted two public forums via WebEx on June 11 and June 25 that provided the opportunity for informative dialogue, questions and for interested parties to review the Triennial DBE Goal presentation and methodology. Presentation and discussion with Council Members and Divisions occurred prior to public comment. All comments and inquiries were seriously considered, and all relevant themes and questions are included above.

Race/Gender Conscious and Race/Gender Neutral Calculations

The Metropolitan Council has historically achieved a Race/Gender Neutral participation rate of around 1-3%. The Metropolitan Council has, and continues to, promote the following initiatives which would impact Race/Gender Neutral DBE participation:

- Working with Council Project Managers and Engineering professionals to identify those projects that truly lend themselves to our DBE's acting as the prime (i.e. contracts under \$100,000).

- Encouraging larger prime contractors to waive or assume as part of their project budget the costs associated with DBE's obtaining bonding, insurance or financing;
- Assist Metro Transit vendor (New Flyer) in the development of a supplier Diversity Program for the purchase of parts and materials;
- Coordinate or conduct bonding seminars for DBE firms comprised of local bonding, surety and financial agencies to assist them in understanding the requirements and providing resources for them to engage;
- Collaborate with other agencies that provide small business development services and training to leverage resources and facilitate DBE participation on Council projects;
- Conduct targeted outreach and coordinate Meet And Greet sessions that include Council project managers and purchasing managers;
- Provide access via a free electronic on-line "plan holder list" maintained on all solicitations through the Council's Quest CDN bidding system;
- And maintenance of a real time, on-line searchable directory of certified DBE firms which is available to the public.

The Race/Gender Conscious and Race/Gender Neutral component of the DBE program goal can be calculated by looking at past participation by DBE prime contractors or DBE subcontractors awarded on a race/gender neutral basis. The table below shows the value of Race Neutral prime contracts and subcontracts awarded from 2015-2019:

Table 5

	Total Award	DBE Awarded	Race/Gender Neutral Awarded - Prime Contracts	Race/Gender Neutral Awarded - Subcontracts	RGN %
2015	\$18,111,787	\$3,822,139	\$1,252,671	\$214,280	8%
2016	\$17,287,630	\$3,695,014	\$259,200	\$0	1%
2017	\$39,263,325	\$5,560,472	\$186,555	\$88,6210	3%
2018	\$103,374,968	\$1,5662,526	\$164,000	\$12,231,625	12%
2019	\$876,248,752	\$14,1577,592	\$11,700,933	\$13,061,157	3%
Total	\$1,054,286,462	\$17,0317,743	\$13,563,359	\$2,6393,272	

Over the last five years, the total value of prime contracts and subcontracts awarded on a Race/Gender Neutral basis is \$39,995,663.10, which represents 3.7% of the total contracts awarded. The remainder of the value of these contracts were then awarded on a Race/Gender Conscious basis.

The median DBE past participation for 2015 to 2019 was 3%, which was 1% over the RGN goal of 2% for much of that time period.

Because of the historical record of Council Race/Gender Neutral achievement, a 3% Race/Gender Neutral goal represents the best portion of the overall 14% that the Council could achieve.

This leads the Council to propose, that within its 14% overall DBE program goal for FFY 2021-2023, a 3% Race/Gender Neutral goal and a 11% Race/Gender Conscious goal.

Council Approval

The 14% DBE Triennial Goal is scheduled to be presented as a Business Item for approval of the Council on July 22, 2020.



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