

EPA TRIENNIAL DBE GOAL FOR FFY 2021 - 2023

Metropolitan Council Office of Equal Opportunity



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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

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 11% DBE participation in EPA-assisted Council projects.

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 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 EPA-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. Step One: Calculating the goal's base figure
6. Step Two: Adjusting the base figure
7. Step Three: Additional Adjustment

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

Both the Construction and Engineering departments in the Environmental Services Division were asked to provide a list of projects for the FFY 2021-2023 triennium that will receive EPA (PFA) funding. Those departments provided a list of 20 projects, which are listed below.

Table 1.

Project Description	Project Value
Lift Station L46 and L49	\$4,200,000
Excelsior Area Lift Station L19, L20 and L21	\$12,000,000
Orono Area lift station / forcemain L44, L45 and L59	\$10,000,000
HSI East Isles forcemain Improvements	\$3,000,000
Metro WWTP Site Preparation & Improvements	\$9,500,037
Metro WWTP - Water Systems Renewal and Improvements Phase 2	\$7,500,000
Empire WWTP Solids Improvements Phase 2	\$12,000,000
St Bonifacius lift station / forcemain Rehab. L24 and FM 7508	\$17,000,000
Waconia forcemain 7508 Phase 3 West	\$2,000,000
Interceptors 1-SP-200, 1-SP-201 & 1-SP-202 Renewal	\$12,000,000
Metro WWTP Electrical Distribution Renewal Phase 3	\$33,000,000
Metro WWTP Electrical Distribution Renewal Phase 4	\$13,000,000
Primary Scum Improvements	\$1,000,000
East Secondary Renewal	\$18,000,000
Effluent Pumping Station Renewal	\$2,095,000
Brooklyn Park Champlin Interceptor (BPCI) Renewal Phase - 2	\$8,000,000
Brooklyn Park Champlin Interceptor (BPCI) Renewal Phase - 3	\$12,000,000
Brooklyn Park Champlin Interceptor (BPCI) Renewal Phase - 4	\$5,000,000
Brooklyn Park New Lift Station L 32	\$16,000,000
Blue Lake Solids Processing – Phase 1	\$2,000,000
Total	\$199,795,937

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 19 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	Estimated Value	NAICS codes	% of Total
Water and Sewer Line and Related Structures Construction	\$57,568,993	237110	28.81%
Highway Heavy/Asphalt Paving	\$3,337,780	237310	1.67%
Poured Concrete Foundation and Structure Contractors	\$15,127,936	238110	7.57%
Structural Steel	\$1,509,030	238120	0.76%
Masonry Contractors	\$1,786,686	238140	0.89%
Roofing Contractors	\$2,205,130	238160	1.10%
Electrical Contractors and other Wiring Contractors	\$58,842,774	238210	29.45%
Plumbing, Heating and Air Conditioning Contractors	\$25,206,740	238220	12.62%
Painting Contractors	\$826,726	238320	0.41%
Finish Carpentry (Doors and Windows)	\$531,164	238350	0.27%
Site Preparation	\$11,204,006	238910	5.61%
All Other Specialty Trade Contractors (Fencing)	\$74,810	238990	0.04%
Construction Material Wholesalers (Supplies)	\$11,086,430	423390	5.55%
Trucking	\$4,424,896	484220	2.21%
All other Support for Road Transportation (Street Sweeping)	\$39,760	488490	0.02%
Surveying/Project Documentation	\$508,104	541370	0.25%
Landscaping services	\$2,921,250	561730	1.46%
Water Supply and Irrigation Systems	\$1,759,000	221310	0.88%
All Other Support Services (Traffic Control)	\$834,722	561990	0.42%
Total	\$199,795,937		100%

Defining the 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, 38 of the 46 (83%) of DBE firms that received payments from Council EPA-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 19 six-digit NAICS codes listed in Table 2 represent the scope of work included in future Council projects that will receive EPA funding. Using the market area defined in the previous section, the relative availability of ready, willing, and able 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 19 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 19 NAICS codes:

Table 3

NAICS Code	Total MN Firms	Total DBE Firms	DBE Relative Availability
237110	91	10	.11
237310	79	24	.30
238110	182	17	.09
238120	25	8	.32
238140	215	13	.06
238160	203	14	.07
238210	612	23	.04
238220	741	10	.01
238320	487	27	.06

238350	343	23	.07
238910	241	39	.16
238990	672	44	.07
423390	44	7	.16
484220	179	39	.22
488490	24	2	.08
541370	36	11	.31
561730	1188	35	.03
221310	3	1	.33
561990	147	3	.02

Step One: Calculating the Goal's Base Figure

Calculating the base figure first starts with finding the weighted relative availability (WRA) of DBE firms for each six-digit NAICS identified in the future spending. This WRA is found by dividing the number of DBEs in each six-digit NAICS code by the total of all firms in MN in that code. The WRA is then multiplied by the projected value of future spending in that NAICS code. The result is the total DBE value for that NAICS. The DBE Values

The table below shows the projected future spending, availability of RWA DBEs and weighted availability for each NAICS code. The column for “Weighted Relative Availability” is the product of the columns for “Percentage of Future Spending” and “DBE Availability of RWA Firms.” The final unadjusted base figure, in the bottom right cell, is the sum of all values in the “Weighted Relative Availability” column.

Table 4

NAICS Code	Projected Future Spending	Percentage of Future Spending	DBE Relative Availability	Weighted Relative Availability
237110	\$57,568,993	24%	.11	0.0267
237310	\$3,337,780	1%	.30	0.0043
238110	\$15,127,936	6%	.09	0.0060
238120	\$1,509,030	1%	.32	0.0020

238140	\$1,786,686	1%	.06	0.0005
238160	\$2,205,130	1%	.07	0.0006
238210	\$58,842,774	25%	.04	0.0093
238220	\$25,206,740	11%	.01	0.0014
238320	\$826,726	>1%	.06	0.0002
238350	\$531,164	>1%	.07	0.0002
238910	\$11,204,006	5%	.16	0.0076
238990	\$74,810	0%	.07	0.0000
423390	\$11,086,430	5%	.16	0.0074
484220	\$4,424,896	2%	.22	0.0041
488490	\$39,760	>1%	.08	0.0000
541370	\$508,104	>1%	.31	0.0007
561730	\$2,921,250	1%	.03	0.0004
221310	\$1,759,000	1%	.33	0.0025
561990	\$834,722	>1%	.02	0.0001
Total				8.77%

The base figure for the overall DBE goal for the FFY 2021-2023 period is 8.77%.

Step Two: Adjusting the Base Figure

The base figure of 8.7% can then be adjusted using past DBE participation on Council EPA-funded projects over the last Five years. From 2015 - 2019, Council EPA-funded projects attained the following rates of DBE participation:

- 2015 – 16.7%
- 2016 - 13.5%
- 2017 – 14.4%
- 2018 – 15.2%
- 2019 – 10.6%

The median of those five years of participation is represented by the 2017 rate of 14.4%. This value is then averaged with the base figure to produce an adjusted base figure:

$$\frac{(8.77\% + 14.4\%)}{2} = 11.5\% \approx 12\%$$

This adjusted base figure of 12% represents the proposed Metropolitan Council EPA DBE Program Goal for FFY 2021-2023.

Council Approval

On _____, the Council approved the _____% EPA DBE Triennial Goal.



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