



City of Seattle

Federal Transit Administration

**DBE METHODOLOGY AND GOAL
FISCAL YEARS 2023-2025**

DISADVANTAGED BUSINESS ENTERPRISE GOAL AND GOAL SETTING METHODOLOGY FISCAL YEARS 2023-2025

I. SUMMARY

The City of Seattle has prepared this document to describe the methodology used to establish its overall Disadvantaged Business Enterprise (DBE) goal for Federal Transit Administration (FTA) assisted contracts. The DBE overall goal setting methodology is a requirement set forth in the United States Department of Transportation (USDOT) DBE regulations. Effective March 5, 2010, FTA modified the schedule so that the overall goal must be prepared every three years instead of annually, as previously required. The City of Seattle followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26.

II. PROPOSED OVERALL GOAL FOR FFY 2023-2025

The Seattle Department of Transportation and Seattle Center, both FTA fund recipients, will use an overall DBE goal for the three Federal Fiscal Year (FFY) period 2023-2025 (October 1, 2022 to September 30, 2025) of 20.4% with an 8.4% race-conscious component. This goal will apply to all FTA-assisted contracts and represents the relative availability of DBEs based on evidence of ready, willing and able DBEs in relationship to all comparable businesses which are known to be available to compete in FTA-assisted contracts. The overall DBE goal reflects City staff determination of the level of DBE participation which would be expected absent the effects of discrimination.¹

III. DBE GOAL SETTING METHODOLOGY

The USDOT DBE regulations, 49 CFR Part 26 require using a two-step process for setting the overall DBE goal that reflects the level of DBE participation. The first step is the calculation of a base figure for the relative availability of DBEs in the relevant market area. The second step requires examining all relevant evidence to determine what adjustment, if any, is needed to the base figure in order to arrive at an overall goal. Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by race and gender-neutral measures.

¹ Goal for individual projects will be assessed on a case-by-case basis to determine if adjustments are required given the scopes of work included and DBE availability.



STEP 1. BASE FIGURE

To determine the preliminary DBE goal base figure, the analyses and calculations described on the following pages were conducted in accordance with 49 CFR Part 26.45:

a) Anticipated FTA Funding

FTA-assisted contracting for Fiscal Years 2023 – 2025 is expected to consist of projects from Seattle Department of Transportation, Seattle Center and Seattle Office of Planning & Community Development. Additional projects may be undertaken if additional revenue becomes available (the overall DBE goal will be adjusted if necessary). These anticipated contracts with the calculated percentage of federal dollars allocated to each project category are listed in Table 1.

Table 1: Anticipated FTA-assisted contracts for FY 2023 - 2025

Projects	FTA Funds
Route 48 Transit Plus Multimodal Corridor	\$1,833,000
Merrill: Madison Street BRT Construction	\$105,000,000
RapidRide J. Final Design	\$10,050,000
Route 40 TPMC	\$13,400,000
Guideway Work	\$760,000
SC Station and Platform Reconfiguration	\$8,200,000
Propulsion System & Switchgear Redesign	\$4,400,000
Train Exterior, Structure, & Bogie Inspections and Repairs	\$1,068,000
Community Involvement Task Forces	\$403,000
Equitable Transit Oriented Development Strategy and Implementation Plan	\$286,000
Remnant Parcel Utilization Framework	\$414,000
Station Access and Public Realm Projects Strategic Plan	\$737,000
	\$146,551,000



b) Assignment of Work Codes/NAICS Codes

The study next analyzed the scope of work of each project category and identified North American Industry Classification System (NAICS) codes by project and description, as shown in **Table 2**.

Table 2: Anticipated FTA-assisted contracts Classified by NAICS codes and description

Projects	NAICS	NAICS Description
Route 48 Transit Plus Multimodal Corridor	238210	Electrical Contractors and Other Wiring Installation Contractors
	237310	Highway, street and Bridge Construction
Merrill: Madison Street BRT Construction	237310	Roadway construction
	238910	Site Preparation
	238210	Electrical
	237110	Water and Sewer Line and Related Structures Construction
	561730	Landscaping
	541330	Surveying and Mapping
	236220	Civil Engineering
	236220	Commercial and Institutional Building Construction
RapidRide J. Final Design	238990	Saw Cutting
	561990	Traffic Control
	541310	Architectural Services
	541320	Landscape Engineering Services
	541330	Engineering Services
	541340	Drafting Services
	541370	Surveying and Mapping
	541611	Administrative Management and General Management
Route 40 TPMC	541620	Environmental Consulting Services
	221310	Water Supply and Irrigation Systems for our stormwater design
	237310	Roadway construction
	238910	Site Preparation
	238210	Electrical
	541370	Surveying and Mapping
	237110	Engineering Services
Guideway Work	561730	Landscaping
	237990	Other Heavy and Civil Engineering Construction
SC Station and Platform Reconfiguration	541330	Engineering Services
	237990	Other Heavy and Civil Engineering Construction
	238210	Electrical Contractors and Other wiring installation contractors
	238990	All Other Specialty Trade Contractors
	541310	Architectural Services
Propulsion System & Switchgear Redesign	541330	Engineering Services
	238210	Electrical Contractors and Other wiring installation Contractors
	238990	All Other Specialty Trade Contractors
Train Exterior, Structure, & Bogie Inspections and Repairs	541330	Engineering Services
	238990	All Other Specialty Trade Contractors
Community Involvement Task Forces	541820	Public Relations Agencies



c) Determination of Market Area

For purposes of DBE goal-setting, the City of Seattle market area was defined as the Tri-County region including King, Pierce and Snohomish Counties, based on City of Seattle service area and bidder/vendor database profiles. The substantial majority of contractors and subcontractors working on City projects are located in the three counties. The information from the Sound Transit Disparaty study also reports on the current market availability which focused on those three counties.

d) Calculation of Relative Availability

49 CFR Part 26.45 Section (c) states that Step 1 must begin by determining a base figure for Relative Availability, and that any percentage figure derived is considered a basis to begin examining all evidence available within the jurisdiction. The City of Seattle calculated Relative Availability of DBE firms using the following sources of information:

- The *Washington State Office for Minority and Women Business Enterprise (OWMBE)* was used to identify the number of certified DBEs willing to perform work in the City of Seattle’s market area for each NAICS code identified in the four contracts included in the analysis.
- The *U.S. Census Bureau’s County Business Patterns (CBP) database* was used to identify the total number of businesses available in the City of Seattle’s market area to work on each of NAICS code identified for the anticipated contracts. For this analysis, the most recent available (2016) data from the CBP was used.

The relative availability was calculated dividing the number of DBEs (numerator) by the number of all businesses (denominator) for each NAICS code. The calculations yielded the following percentages (noted as “DBE% Relative Availability” Table 3).

$$\text{Relative Availability} = \frac{\text{Number of DBEs}}{\text{All firms (including DBEs and non DBEs)}}$$

e) DBE Decertified Firms

FTA’s “Tips for Goal Setting” recommend making adjustments for decertification in Step One (Base Figure) of the process. The decertification of DBE firms is administered by OMWBE. The list of decertified firms was not available therefore no adjustments were made to the Step One.



Table 3: Relative Availability

NAICS	CENSUS (CBP)				OMWBE				DBE %
	King	Pierce	Snoh	Total	King	Pierce	Snoh	Total	
221310	10	15	9	34	2	1	1	4	11.8%
236220	220	104	81	405	29	13	2	44	10.9%
237110	50	32	45	127	16	4	9	29	22.8%
237310	57	28	29	114	13	8	8	29	25.4%
237990	32	9	8	49	15	6	9	30	61.2%
238210	475	233	280	988	20	4	6	30	3.0%
238910	223	145	174	542	27	12	12	51	9.4%
238990	194	114	122	430	22	12	4	38	8.8%
541310	441	46	34	521	23	1	2	26	5.0%
541320	65	7	34	106	17	2	1	20	18.9%
541330	676	107	178	961	45	5	6	56	5.8%
541340	24	8	4	36	9	3	1	13	36.1%
541370	31	13	20	64	6	1	1	8	12.5%
541611	1115	113	159	1,387	94	13	9	116	8.4%
541620	165	25	18	208	38	5	1	44	21.2%
541820	130	15	11	156	14	2	1	17	10.9%
561730	783	294	407	1,484	17	10	7	34	2.3%
561990	102	35	29	166	15	4	2	21	12.7%

f) Weighted Base Figure

Following the FTA recommendations from the “Tips for Goal setting” the relative availability was weighted based on the dollar amount projected to be spent on each NAICS code. This part of the process emphasizes contracting opportunities based on relative importance to the City needs.

A weight was calculated based on the projected dollars assigned to each NAICS code. Then, for each NAICS code, the percentage of relative DBE availability was multiplied times the corresponding weight. Finally, the resulting weighted percentages were added up to, as shown in Table 4. The weighted DBE availability is 19.4%.

$$\text{Weighted Base Figure} = \text{Weight} \times \text{Relative Availability}$$



Table 4: Weighted Base Figure

NAICS	FTA Funds	Weight	CENSUS (CBP)				OMWBE				DBE %	I x R
			King	Pierce	Snoh	Total	King	Pierce	Snoh	Total		
221310	\$ 785,000	0.5%	10	15	9	34	2	1	1	4	11.8%	0.06%
236220	\$ 2,747,000	1.9%	220	104	81	405	29	13	2	44	10.9%	0.20%
237110	\$ 13,067,000	9.0%	50	32	45	127	16	4	9	29	22.8%	2.03%
237310	\$ 74,892,000	51.6%	57	28	29	114	13	8	8	29	25.4%	12.96%
237990	\$ 5,400,000	3.7%	32	9	8	49	15	6	9	30	61.2%	2.25%
238210	\$ 21,324,000	14.7%	475	233	280	988	20	4	6	30	3.0%	0.44%
238910	\$ 7,579,000	5.2%	223	145	174	542	27	12	12	51	9.4%	0.49%
238990	\$ 5,513,000	3.8%	194	114	122	430	22	12	4	38	8.8%	0.33%
541310	\$ 700,000	0.5%	441	46	34	521	23	1	2	26	5.0%	0.02%
541320	\$ 430,000	0.3%	65	7	34	106	17	2	1	20	18.9%	0.06%
541330	\$ 10,411,000	7.2%	676	107	178	961	45	5	6	56	5.8%	0.41%
541340	\$ 225,000	0.2%	24	8	4	36	9	3	1	13	36.1%	0.06%
541370	\$ 295,000	0.2%	31	13	20	64	6	1	1	8	12.5%	0.03%
541611	\$ 260,000	0.2%	1115	113	159	1,387	94	13	9	116	8.4%	0.01%
541620	\$ 75,000	0.1%	165	25	18	208	38	5	1	44	21.2%	0.01%
541820	\$ 403,000	0.3%	130	15	11	156	14	2	1	17	10.9%	0.03%
561730	\$ 766,000	0.5%	783	294	407	1,484	17	10	7	34	2.3%	0.01%
561990	\$ 242,000	0.2%	102	35	29	166	15	4	2	21	12.7%	0.02%
	\$ 145,114,000	100.0%				7,778				610	7.8%	19.4%

STEP 2. BASE FIGURE ADJUSTMENT

Per 49 CFR 26.45(d), following calculation of a base figure, all available evidence must be examined to determine what adjustment, if any, is needed to the base figure to make the DBE goals as precise as possible. This adjustment can be upward, downward, or no adjustment if relevant and reliable data is available. The City of Seattle considered the following factors in order to determine whether an adjustment to the Step 2 base figure is appropriate for the FY 2023-2025 goal.

- a. Historical DBE participation
- b. Information related to employment, self-employment, education, training, and unions
- c. Disparities in the ability of DBEs to access financing, bonding, and insurance
- d. Other relevant data



a) Historical DBE participation

The table below reflects the DBE participation on FTA – assisted contracts awarded within the last four (4) federal fiscal years.

Table 5: Dollar Value of Past DBE Participation

FY - DBE Annual review	Contract Awards (\$)	DBE Participation (Dollar Value)	FTA DBE Participation (%)
2017	0	0	0%
2018	1,265,690	256,913	20%
2019	5,879,857	1,322,605	22%
2020	1,265,690	256,914	20%
2021	4,279,503	1,040,958	24%
Median DBE Participation within the last five years			20%

The DBE participation attainments during the last five years provide evidence of DBE availability and capacity to perform on FTA Federal funded projects. Table 5 shows that City of Seattle has consistently exceeded the goal.

City of Seattle also considered the amount by which past goals were exceeded, as well as past history of inability to achieve goals in determining the race-neutral and race-conscious proportion. FTA recommends increasing the race-conscious portion of the annual goal to account for the proportion of previous years’ goals that was not met or increasing the race-neutral portion to account for exceeding goals.

The resulting conclusion was that although the overall amount of federal contracting dollars may fluctuate, the ratios of the type of work to be performed will remain approximately the same.

The analysis adjusted the potential goal to 20.4%. This supports no adjustment because there is no change to the base figure.

Average Median Past Participation % with Base Figure %:

$$\frac{20\% + 19.4\%}{2} = 19.7\%$$

b. Information related to employment, self-employment, education, training, and unions

In developing the FFY 2023-2025 DBE goal, City of Seattle have reviewed the results of the 2020 Disparity Study conducted for Sound Transit disparity study conducted by BBC Research & Consulting (BBC).

BBC used regression analysis to examine whether race/ethnicity and gender affect rates of self-employment among workers in the local transportation-related construction industry in the relevant geographic market area. The regression analyses allowed BBC to examine those effects while statistically controlling for various personal characteristics that are ostensibly race- and gender-neutral, including education, homeownership, marital status, income, and age.



It found minorities and women are significantly less likely than non-Hispanic whites and men to own construction businesses.

- Black Americans and Hispanic Americans working in the local construction industry are significantly less likely to own business than non-Hispanic whites, even after controlling for various race-neutral personal characteristics. In addition, non-Hispanic white women working in the local construction industry are significantly less likely to own business than men, even after controlling for various gender-neutral personal characteristics.
- Asian Pacific Americans working in the local architecture and engineering industry are significantly less likely to own business than non-Hispanic whites, even after controlling for various race-neutral personal characteristics. In addition, women working in the local architecture and engineering industry are significantly less likely to own business than men, even after controlling for various gender-neutral personal characteristics.
- Asian Pacific Americans and Subcontinent Asian Americans working in the local other professional services industry are significantly less likely to own business than nonHispanic whites, even after controlling for various race-neutral personal characteristics. BBC analyzed the specific impact that disparities in business ownership have on the base figure.

c. Disparities in the ability of DBEs to access financing, bonding, and insurance.

The Sound Transit disparity study indicated that small businesses are more likely than other businesses to be denied commercial bank loans, even after accounting for various business characteristics. That disparity could have substantial impacts on minority- and woman-owned businesses, because most minority- and woman-owned businesses are small in size. Any barriers that small businesses face in accessing financing could depress the availability of minority- and woman-owned businesses for contracting work with government agencies. Barriers to obtaining financing, bonding, and insurance could limit opportunities for minorities and women to form and operate businesses, and would place those businesses at a disadvantage in competing for contracts in City of Seattle. Thus, analyses related to access to financing support an upward adjustment to the base figure.

d. Other relevant data

The Sound Transit disparity study presented evidence that some groups of minority- and woman-owned businesses are less successful than other businesses:

- Sound Transit is less likely to award prime contracts to Black American-owned businesses compared to businesses owned by non-Hispanic white Americans, even after accounting for various business characteristics that are ostensibly race-neutral such as size, bonding capacity, and qualifications.
- Black American-owned businesses and Asian Pacific American-owned businesses are more likely to have never performed on Sound Transit prime contracts or subcontracts compared to businesses owned by non-Hispanic white Americans, even after accounting for various business characteristics that are ostensibly race-neutral.



- Subcontinent Asian American-owned businesses and DBEs in general tend to win smaller contracts and procurements in the local marketplace compared to businesses owned by

Resultant Goal Adjustment

The impact of these factors resulted in an upward adjustment of the Base Figure from 19.4% to 20.4% for DBE participation contracts projected to be expended for Fiscal Years 2023-2025.

USE OF RACE-NEUTRAL METHODS AND DBE CONTRACT GOALS

The U.S. DOT regulations require that race-neutral methods be used to the maximum extent feasible to achieve the DBE overall goal. City of Seattle is committed to implement strategies to maximize DBE participation through race-neutral methods including making efforts to assure that bidding and contract requirements facilitate participation by DBEs and other small businesses; breaking large projects into smaller subparts for which small businesses and DBEs will be more likely to compete; encouraging prime contractors to subcontract portions of the work that they might otherwise perform themselves; and providing technical assistance, communications programs, and other support services to facilitate consideration of DBEs and other small businesses.

	Race – Neutral DBE Amount	Total Contract Amount	RN DBE %
2017	0	0	0%
2018	159,968	1,265,690	13%
2019	1,322,605	5,879,857	22%
2020	159,868	1,265,690	8%
2021	713,950	5,826,631	12%
Median DBE Participation within the last five years			12%

Our annual review analysis and semi-annual DBE reports over the past five years has consistently exceeded the goal and has a median DBE participation of 20%. This combined with the race-neutral efforts methods that the City of Seattle currently use and will continue implementing is confident that can meet the race-neutral goal.

Based on this analysis, the City of Seattle proposes an overall DBE goal of 20.4% with an 8.4% race-conscious component 12% race and gender-neutral component on FTA-assisted contracts to be awarded in Fiscal Year 2023 through Fiscal Year 2025.

The City will continue implementing race-neutral methods for facilitating DBE participation which have proven to be effective, such as:

- Advising prospective contractors of areas for possible subcontracting and of the availability of ready, willing and able subcontractors, including DBE firms, to perform such work.



- Hosting Meet the Prime networking events. These events provide opportunities for small businesses to build relationships with large contractors that do business with the City and other agencies in the Puget Sound region. At these events, small businesses share their products, services and professional expertise with large businesses and City staff.
- Expanding Contracting Equity for BIPOC-owned Firms, Focusing on Black-owned Firms: Tasks will include holding engagement events; holders; emphasizing the importance of contracting equity for BIPOC firms in internal trainings.
- Holding “First Friday” events. The City conducts a monthly event staffed by contract administrators and buyers. DBEs and other small businesses share information about their products and services with staff, learn about City processes and programs and obtain information and assistance on registering as a vendor with the City. This year, City of Seattle expanded this program by providing the First Friday Spanish-workshop every quarter.
- Attending vendor fairs/business networking events. City of Seattle representatives attend vendor fairs hosted by other agencies to share upcoming contracting opportunities and to provide information on how to do business with the City.
- Maintaining memberships in contracting stakeholder organizations. The City of Seattle is a member of multiple contracting-oriented organizations and attends monthly membership meetings and membership events to inform contractors about upcoming opportunities.
- Providing contract look-ahead information: The City conducts an annual networking event to showcase projects from the City’s capital departments. Outreach activities are targeted to small and disadvantaged businesses to encourage business networking and teaming. Project managers from each of the City’s capital departments present their projects by describing the scopes of work, schedule and budget.
- The City has a Consultant Contract Technical Assistance that provides no-cost, independent, one-on-one counseling services to DBEs, small businesses and any other businesses interested in finding, bidding and winning contracts and subcontracts and contracts with other government entities.
- City of Seattle will continue monitoring DBE participation for federal-aid projects annually to determine whether market conditions warrant adjustments to the overall DBE goal, or individual race-conscious and race-neutral components.

PUBLIC PARTICIPATION

The City of Seattle followed the regulations and guidance contained in the USDOT DBE regulations, 49 CFR Part 26. and employs a consultative process requesting input from organizations serving or representing DBEs, minority-owned or women-owned business, state or local procurement offices, public agencies responsible for enforcing civil right laws, local labor offices, and any other relevant organizations.



The purpose of this public consultation meetings was to gather information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and our efforts to establish a level playing field for the participation of DBEs. The City of Seattle invited members of multiple organizations to meet in person, including but not limited to: Tabor 100, National Association of Minority Contractors, Washington Association of General Contractors, Northwest Mountain Minority Supplier Diversity Council, Northwest Small Business Transportation Resource Center, Women's Transportation Seminar and Women in Highway Construction, . The public engagement meeting were on the following dates:

- July 12, 2022 at Northgate Community Center
- July 13, 2022 at City Hall, Bertha Knight Landes
- July 14, 2022 at Tabor HUB, Tukwila

The City of Seattle repeated the presentation on April 14 to the Washington Association of General Contractors (AGC).

During the first half of the meetings, the City of Seattle presented the overall goal-setting process and the proposed projected overall DBE goals. The second half of the meetings was an open forum for discussion to receive feedback or comments on the overall goal setting process, discuss the proposed projected DBE goals and answer any questions or concerns.

Questions received from the participants included:

- *A participant was wondering why the value of the FTA projects from the Federal Fiscal Year 2020-2022 were much lower than the expected contracting for the Federal Fiscal Year 2023-2025?*

The main reason is that during the period 2020-2022, the projects awarded were low because there were few opportunities in consultant contracts and the City's DBE goal for that triennium was developed under the assumptions that the Madison Street BRT Construction project would be procured. The Madison Street BRT Construction project, which is the major project, was awarded in 2022 and this period was not included in the historical DBE utilization shown in this methodology, which is from 2017 through 2021. In addition, the projects included in this DBE analysis are only FTA and not FHWA projects.

- *In FTA anticipated projects, are there any scopes of work and/or NAICS codes for facilities or structural work, which give opportunities to DBEs?*

The FTA anticipated projects were broken into subcategories which were analyzed to identify the distinct element of work under the assigned NAICS codes for which small businesses and DBEs will be more likely to compete. Some of the scope of work are: Commercial and institutional building construction, drafting services, electrical contractors and other wiring installation contractors, engineering services, landscaping engineering services, traffic control, surveying and mapping.

- *How do you address DBE goals when the project's scopes of work change?*

If a change order eliminates work designated in a DBE commitment, the prime contractor must follow the City of Seattle's procedures and must make a good faith effort to meet the overall DBE goal on the final contract



value. The contractor shall enable the affected DBE (if any) to participate in the change order work when possible.

Suggestions received from the participants included:

- *A participant asked the City to encourage the WMBE firms that are in the City Online Business Directory (OBD) to get the DBE certification so they can have more opportunities in FTA projects.*
- *A participant suggested to procure smaller contracts targeting the scope of work that can be performed by DBEs.*
- *Another suggestion was to ask bidders to increase the number of DBE's that will be participating on the project and include them in the DBE utilization plan.*

Adjustments made based on Comments from various groups, organizations, and officials

Since the comments received at the public consultation meetings do not specifically address the proposed goal projected for FFY 2023 - 2025, no additional adjustments will be made to the DBE availability figures. The City of Seattle will focus on areas of concern received from the public in an effort to improve its race-neutral measures. This includes working closely with prime contractors/consultants to encourage the use of new DBEs to work on projects and providing additional outreach and resources to DBEs.

The overall DBE goal for FTA-assisted contracts for FFY 2023-2025 is 20,4% with 8.4% race-conscious and 12% race-neutral.

City of Seattle will publish the proposed overall annual DBE goal for the triennium in the Seattle Daily Journal of Commerce and City of Seattle website. The notice will inform that the proposed goal will be available for public comment of the goal methodology for over 30 days from the date of publication (See appendix A)



Appendix A

Public Notice

Disadvantaged Business Enterprise (DBE) Goal For Federal Fiscal Years 2023-2025

The U.S Department of Transportation requires recipients of Federal Transit Administration (FTA) funding to develop and implement a Disadvantage Business Enterprise (DBE) program to ensure nondiscrimination in the award of FTA-assisted projects. In accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26, City of Seattle announces its proposed goal over the following Federal Fiscal Years 2023, 2024, and 2025 goal of 20.4% for DBE participation on contracts assisted by the Federal Transit Administration (FTA).

The proposed goal and its rationale are available on the City of Seattle <https://www.seattle.gov/purchasing-and-contracting/social-equity/fta/dbe-program> for public review. Written comments will be accepted by the City of Seattle and FTA for 45 days following publication of this notice. Comments, feedback, and questions may be submitted via:

Email to FAS_PC@seattle.gov.

Address written comments to P.O. Box 94687, Seattle, WA 98124-4687.

