

City of Billings
Aviation and Transit Department
MET Transit Division
FFY 2024 – 2026 DBE Goal

The City of Billings MET Transit (MET), in accordance with United States Department of Transportation (USDOT) guidelines, determines MET's Disadvantaged Business Enterprise (DBE) Goal for the Federal Transit Administration (FTA) for Federal fiscal years: 2024, 2025 and 2026.

MET calculates the Goal using the criteria set forth in Title 49 Code of Federal Regulations Part 26. The determination of the level of DBE participation is based on the availability of all DBE businesses that are ready, willing, and able to participate in FTA-assisted contracts in the City of Billings and the surrounding Yellowstone County in relationship to all comparable businesses which are known to be available to compete for FTA-assisted contracts.

For Federal Fiscal Year 2024 – 2026, MET has established a proposed overall DBE goal of 0.07% based on the requirements of 49 CFR Part 26.45. MET is proposing to meet 100% of its overall DBE goal through the use of race-neutral means.

This methodology and the supporting evidence complies with the requirements of the federal regulations and federal guidance, as well as relevant court decisions, including *Western States Paving v Washington State Dept. of Transportation*, 907 F.3d 963 (9th Cir. 2005).

Step 1: Determining the Base Figure

For the Step I Base Figure, MET determined the relative DBE availability in accordance with 49 CFR Part 26.45(c) (1), which is to use DBE Directories and Census Bureau Data. When reviewing these datasets, MET used Yellowstone County as the market area, due to its large size of 2,649 square miles.

To perform the calculation, two figures need to be determined; the number of DBE firms and the number of total firms that are ready, willing, and able to compete for FTA-assisted contracts through MET.

DBE Firms

MET evaluated the DBE Directory based on firms certified as of July 1, 2023. The NAICS codes used are consistent with the type of work MET has performed in past years as well as FTA-assisted contracts MET intends to let in the future, excluding transit vehicle purchases. Table 1 provides a breakdown of the number of DBE firms by NAICS code in the market area.

Table 1 – Number of DBE firms by NAICS code for FTA-Assisted Contracts

Number of DBE Firms	NAICS Code	Description
0	236220	Commercial and Institutional Construction
4	238110	Poured Concrete Foundation/Structure Contractors
0	238210	Electrical Contractors
0	323111	Printing
0	424710	Petroleum Products
1	541611	Management/Planning Consulting Services
1	541613	Marketing Consulting Services
5	561730	Landscaping Services
0	561740	Carpet and Upholstery Cleaning Services
0	812331	Linen and Uniform Supply
11	Total DBE Firms for FTA-Assisted Contracts	

Total Firms

Using the same NAICS codes as identified in Table 1, MET reviewed the number of businesses published in the US Census Bureau County Business Patterns for 2021, published April 27, 2023. Table 2 provides a breakdown of total firms in Yellowstone County from the Census by their NAICS code.

Table 2 – Number of total firms from Census Data by NAICS code

Number of Total Firms	NAICS Code	Description
28	236220	Commercial and Institutional Construction
29	238110	Poured Concrete Foundation/Structure Contractors
55	238210	Electrical Contractors
13	323111	Printing
9	424710	Petroleum Bulk Stations, Merchant Wholesalers
41	541611	Management/Planning Consulting Services
15	541613	Marketing Consulting Services
95	561730	Landscaping Services
12	561740	Carpet and Upholstery Cleaning Services
0	812331	Linen and Uniform Supply
297	Total Firms from Census Data for FTA-Assisted Contracts	

The relative DBE availability is calculated as follows:

$$\frac{11 \text{ Ready, willing, and able DBEs}}{297 \text{ Total firms ready, willing, and able}} = 3.71\% \text{ DBE availability}$$

When the numerator is divided by the denominator the base figure arrived at for our overall DBE goal is 3.71%.

Base Figure Weighting

In order to weight the relative DBE availability, MET reviewed anticipated projects by work type on FTA-assisted contracts. Table 3 estimates the amounts by work type to be expended for the next three (3) fiscal years based upon budget projections.

Table 3 – FTA Assisted Amounts by Work Type

Work Type	NAICS Code	Amount	% of Total
Construction-Facility	236220	\$5,000,000	72.16%
Poured Concrete Foundation/Structure Contractors-Bus Pads	238110	\$200,000	2.89%
Electrical Contractors-Security Camera	238210	\$40,000	0.58%
Printing	323111	\$45,000	0.65%
Petroleum Products	424710	\$1,440,000	20.78%
Management/Planning Consulting Services	541611	\$150,000	2.16%
Marketing Consulting Services	541613	\$10,000	0.14%
Landscaping Services	561730	\$20,000	0.29%
Carpet & Upholstery Cleaning	561740	\$3,600	0.05%
Linen & Uniform Supply	812331	\$20,000	0.29%
Total		\$6,928,600	100%

Using the above percentages, the weighted base figure calculates as:

$$[0.0289*(4/29) + 0.0216*(1/41) + 0.0014*(1/15) + 0.0029*(5/95)] * 100 = \mathbf{1.98\% \text{ DBE availability}}$$

Step 2: Adjustments to the Base Figure

During Step 2, MET examined all relevant evidence in its jurisdiction to determine what adjustments, if any, is needed to the base figure in order to arrive at the overall DBE participation goal.

To determine DBE past participation, MET calculated the median of the range:

<u>Year</u>	<u>Established Overall Goal</u>	<u>Past Participation</u>
2021	2.33%	0.16%
2022	2.33%	0.07%
2023	2.33%	0.00%

- MET’s median past participation is 0.07%

Since the past participation figures and the Step 1 base figure (3.71%) and the median figure (0.07%) vary by 3.64%, MET chose to make an adjustment based upon median past participation and the weighted base figure calculated on Step 1. Further, the weighted figure is influenced by two large projects and only reflects availability based upon the dollar figures, skewing the results away from all anticipated available projects.

Based on U.S.D.O.T. guidance issued because of the U.S. 9th Circuit Court of Appeals, the City of Billings is requesting approval to implement a wholly race-neutral program recommended by the Montana Department of Transportation’s Disparity Study completed in October 2022.

The 2022 Montana Department of Transportation’s Disparity Study also found that “marketplace conditions indicate that minorities, women, and minority-and woman-owned businesses face certain barriers in the Montana contracting industry. Existing research and primary research BBC conducted indicate that race-and gender-based disparities exist in terms of acquiring human capital, accruing financial capital, owning businesses, and operating successful businesses. In many cases, there is evidence those disparities exist even after accounting for various factors

such as age, income, education, and familial status. There is also evidence that many disparities are due—at least, in part—to discrimination. Barriers in the marketplace likely have important effects on the ability of minorities and women to start businesses in construction and professional services and operating those businesses successfully. Any difficulties those individuals face in starting and operating businesses may reduce their availability for government work and may also reduce the degree to which they are able to successfully compete for government contracts. In addition, the existence of barriers in the marketplace indicates that MDT and NPIAS airports may be passively participating in discrimination that makes it more difficult for minority- and woman-owned businesses to successfully compete for their work.” The entire study can be found at www.mdt.mt.gov.

Therefore, based upon MET’s past participation, DBE availability, and findings in the disparity study above, a race-neutral goal of 0.07% has been established for the City of Billings’ MET Transit.

Many efforts have been made to increase DBE participation in FTA-assisted purchases and contracts. As in past years, these efforts included:

- Generating publicity about the Aviation and Transit Department goals for generating DBE participation in the program;
- Including a statement encouraging participation in all Department bid invitations;
- Notifying all vendors (DBE's and Non-DBE's) of small routine purchases, as well as large specific bids for goods or services, which they may be able to supply;
- Facilitating the personal contacts and meeting between DBE's and the various individuals responsible for purchases in the Department as able.
- Encouraging potential DBE's to register and offering assistance, as needed.
- Including DBE program information for vendors in overall Marketing and Outreach efforts and position responsibilities.

In addition to these on-going efforts, the Department has:

- Supported the Montana Department of Transportation DBE Supportive Services Department, which holds workshops to encourage and educate businesses who may qualify as a DBE to become certified.
- Further encouraged DBE vendors to continue participation, and to communicate about the program to other potential vendors.

MET posted notice of the FY2024 - FY2026 FTA Goal Methodology in the *Yellowstone County News* on July 21, July 28, and August 4, 2023, and indicated the goals are available for review and public comment for 45 days from the date of the last publication. The notice directs all interested parties that the information pertaining to this goal and the description of how it was selected is available for inspection during normal business hours at the MET Transit Office. The notice provides an address where public comments may be sent and was also posted on MET Transit’s website and Facebook page. MET accepts comments until September 18, 2023. All comments received will be provided to the Federal Transit Administration for consideration and added to this DBE goal document.