



U.S. Department  
of Transportation  
**Federal Transit  
Administration**

REGION 10  
Alaska, Idaho, Oregon,  
and Washington

915 Second Avenue, Suite 3142  
Seattle, WA 98174-1002

November 16, 2017

Kunjan Dayal  
Snohomish County Public Transportation Benefit Area Corp  
7100 Hardeson RD  
Everett, WA 98203

Re: 2018-2020 Triennial DBE Goal Submission

Dear Kunjan Dayal,

The Federal Transit Administration (FTA) has received and reviewed Snohomish County Public Transportation Benefit Area Corp's Disadvantaged Business Enterprise (DBE) triennial goal setting methodology for Federal Fiscal Years (FFY) 2018-2020. This DBE goal will be effective October 1, 2017 through September 30, 2020. This submission is required by the Department of Transportation DBE regulations found at 49 C.F.R. Part 26. Your proposed overall goal is 4.7%, with no identified race-conscious/race-neutral split.

Our review considered all elements required by the Department of Transportation regulations found at 49 C.F.R. § 26.45, including the descriptions of the evidence and methods used to calculate, adjust and establish the overall goal. The review assessment attached to this letter identifies the specific areas reviewed, any concerns, and relevant reviewer comments. **You must address and correct any identified concerns to assure you are implementing the goal in accordance with the regulations.** Your goal status is now **Concur**, and your next triennial goal is due to FTA on August 1, 2020. FTA will verify corrections have been made and implemented at the next oversight opportunity.

You are expected to make a good faith effort to meet your goal each year during the three-year period for which it is in effect. You must document your DBE attainment on FTA-funded contracts and purchases by submitting a semi-annual report via TrAMS on June 1 and December 1 of each year. If you fall short of your overall DBE goal in any given year, you must develop a shortfall analysis and corrective action plan following the guidance in 49 C.F.R. § 26.47(c). Transit vehicles must be purchased from a DBE-certified transit vehicle manufacturer (TVM) and reported to FTA within 30 days of purchase. The current list of DBE-certified TVMs and the online reporting tool can be found on the DBE portion of FTA's website at [www.transit.dot.gov](http://www.transit.dot.gov). Finally, any mid-cycle adjustment to your goal to reflect changed circumstances must be submitted to FTA.

FTA is committed to providing technical assistance to help correct your DBE goal and to implement your program consistent with the regulations and guidance. In order to preserve paper, we are issuing this letter electronically via email and it is attached to your profile in

TrAMS. Please do not hesitate to contact me directly at 206-220-4462 or at christopher.macneith@dot.gov if you have any questions.

Sincerely,

Christopher Macneith/s/  
Civil Rights Officer, Region 10

cc: Linda Gehrke, FTA Region 10, Regional Administrator  
Monica McCallum, FTA Civil Rights, Director of Regional Operations

August 1, 2017

# Federal Fiscal Years 2018-20 Disadvantaged Business Enterprise (DBE) Goal- Setting Report

Point of Contact:

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## Introduction

Snohomish County Public Transportation Benefit Area Corporation, doing business as Community Transit, submits its Disadvantaged Business Enterprise (DBE) Triennial Goal-Setting Methodology Report for the period of federal fiscal years 2018, 2019, and 2020 to the United States Department of Transportation Federal Transit Administration's (FTA) Region 10 for review and concurrence.

The report has been prepared in compliance with DBE regulations, 49 CFR Part 26.45 – “How do recipients set overall goals?” as amended, and the General Counsel of the United States Department of Transportation's “Tips for Goal-Setting” (USDOT Tips).

The two steps for the setting of overall goal are:

- Step One - Establishing a base figure for the relative availability of DBEs and weighting it with federal funding allocation; and
- Step Two - Adjustment of the base figure based on types of evidence listed under §26.45 (d).

Once the adjusted overall goal is determined, the process requires establishment of the portion of the goal to be met by race and gender-neutral measures. If a recipient purports it can meet its overall goal with race and gender-neutral measures, those measures must be utilized. In contrast, if the recipient determines it cannot achieve the entire overall goal using only race and gender-neutral measures, it must establish a race and gender-conscious portion of the overall goal.

## Proposed Overall Goal

Based upon the requirement set forth in 49 CFR Part 26, and the USDOT Tips, Community Transit has determined a **four and seven-tenths (4.7) percent DBE goal for Federal Fiscal years 2018-20 which it shall meet through race and gender-neutral measures.**

## Overall Goal-Setting Methodology

As previously established, the regulations require that the overall goal be prepared using a two-step process. According to the USDOT Tips, the recipient must first determine a base figure for the relative availability of DBEs in the relevant market area. This data is further weighted with fund allocation for each NAICS code applicable to the anticipated work.

Next, the recipient must examine all relevant evidence to determine what adjustment to the base figure, if any, is needed in order to arrive at an overall goal. The final adjusted figure is the recipient's overall goal, and represents the proportion of federal transportation funding the recipient is expected to allocate to DBEs during the period.

The base figure is intended to be a measurement of the current ready, willing, and able DBEs as a percentage of all businesses available to perform the recipient's anticipated work. The regulations present five options for establishing a base figure for relative availability of DBEs. The five options as set forth in the regulations are shown in Table 1.

Table 1: Methods to Determine Base Figure

<b>BASELINE FIGURE METHODS</b>
1. Bidders List
2. DBE Directories and Census Data
3. Other Recipient's Base Figure
4. Disparity Study
5. Alternative Method

1) *Bidders List Method*

This method for calculating a base figure requires Community Transit to have a comprehensive bidders list which includes potential prime contractors and subcontractors classified by industry, ethnicity, and gender. The regulations require the Bidder List to be in existence for three years.

Community Transit has recently purchased a software (B2Gnow) to meet this requirement. The software was implemented in March 2017 and we hope to establish a robust bidders list in the coming years.

2) *DBE Directories and Census Data Method*

Washington State's agency for Unified Certification Program for DBEs is The Office of Minority, Women and Disadvantaged Business Enterprises (OMWBE).

Community Transit has established a partnership with OMWBE to obtain data regarding Small and Disadvantaged Business Enterprises. This is a standard practice in the State of Washington.

Community Transit's report is based on this method of determination of base figure.

3) *Other Recipients' Base Figure Methods*

This method uses the goal of another USDOT recipient as the base figure. Community Transit can only use another recipient's goal if the goal-setting is done in accordance with the DBE regulation and Community Transit has performed similar contracting in similar market area. This method presumes that there is another USDOT recipient that does the same or similar type of contracting in the same geographic market area.

While Everett Transit and Community Transit are headquartered in the same city the nature of transit services provided by each is substantially unique. Everett Transit provides circulator bus services within the City of Everett whereas Community Transit provides commuter services within Snohomish County and to King County.

4) *Disparity Study Methodology*

The disparity study is the most comprehensive method for calculating the base figure. A disparity study identifies the businesses that have bid or could bid as either a prime or subcontractor, and enumerates DBEs and non-DBEs that are willing and able to work on Community Transit contracts. A disparity study has not been conducted by Community Transit, and therefore cannot be considered.

5) *Alternative Method*

Alternative methods may be used to determine a base figure for the overall goal. Any methodology used to determine a base figure must be based on demonstrable evidence of the local market conditions, and be designated to ultimately attain a goal that is related to the relative availability of

DBEs and potential DBEs in the recipient's market area. The alternative method provides the most flexibility, but it is also subject to a higher level of scrutiny.

## Step One Base Figure Calculation

The initial phase of the Step One analysis requires the compilation of data regarding projects anticipated to be funded with USDOT grants. The areas considered for the Step One analysis include the following:

- Identifying federal funding and its application
- Identifying appropriate NAICS codes for the Project
- Defining the market area for the Project
- Developing the base figure of DBE participation

### 1) *Identify federal funding and its application.*

Community Transit establishes DBE goals for USDOT/FTA funded contracts only. Washington State's Initiative 200 prohibits the use of race and gender based preferences in public contracting unless required for federally-funded contracts.

#### a) Sources of federal funding during the period FFY 2018-20:

- i) **Formula Funds:** Community Transit is the direct recipient of FTA's Section 5307, 5337 and 5339 annual apportionments for the Seattle-Tacoma-Everett and Marysville Urbanized Areas. These apportionments, referred to as formula funds, are used for operational costs of employee wages and benefits, transit vehicle purchases, and capitalized preventative maintenance. FTA formula funding is administered by the Puget Sound Regional Council (PSRC). Community Transit receives an earned share of the annual apportionment to the two Urbanized Areas through the PSRC based on performance data submitted to the National Transit Database in an annual report.
- ii) **Discretionary Funds:** Additional funds are available through discretionary 5309 and competitive federal grant programs. Currently, Community Transit is awaiting the appropriation of funding and execution of a Small Starts Single Year Grant Agreement for its *Swift* Bus Rapid Transit (BRT) Green Line project.

#### b) Application of federal funding during the period FFY 2018-20:

- i) **Formula Funds:** This triennial DBE goal period is within Community Transit's current 2017-2022 Transit Development Plan. The Plan includes a 38 percent increase in transit service forecast by 2022. Fleet plans call for both major replacements and expansions to maintain quality and meet higher service levels.
  - (1) Regular fleet replacement is a high priority for Community Transit to provide the best possible service as well as a cost-effective vehicle maintenance program. Our plans include the purchase of 81 replacement buses, of various capacities/sizes, during federal fiscal years 2018-20.
  - (2) Planned service expansion will require significant growth in the bus fleet. By 2022, Community Transit's fleet will grow by 47 buses over 2016 levels. A portion of this growth reflects vehicle purchases initiated in 2016 that will enter service in 2017. New purchases to be initiated during the 2017-2022 period include 26 expansion buses of various capacities/sizes, 11 of which will be purchased during federal fiscal years 2018-20.

Overall, Community Transit estimates to receive \$44,003,397 in formula funds during federal fiscal years 2018-20. The full amount of funding during these periods will be applied to:

Wages and Benefits	\$	6,000,000
Transit Vehicles	\$	33,003,397
Total non-contracting opportunities:	\$	39,003,397
<b>Federal Grant Formula Funding available for contracting in FFY 2018-20:</b>	<b>\$</b>	<b>5,000,000</b>

In accordance with its long range plan, Community Transit intends to apply these funds to project development work for its *Swift* BRT Orange Line project. Funding for construction of this line will be planned in future years.

ii) Discretionary Funds:

- (1) Community Transit has not applied for discretionary 5309 funds for FFY 2018-20.
- (2) Community Transit expects to execute a Single Year Grant Agreement for \$43,190,000 (FTA portion) in FFY 2017 for the *Swift* BRT Green Line project. Contracts for this project will be awarded during FFY 2017, but will be expensed during FFYs 2017, 2018 and 2019.

<b>Federal Grant Discretionary Funding available for contracting in FFY 2018-20:</b>	<b>\$</b>	<b>0</b>
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2) Identify appropriate NAICS Codes and Project Cost Allocation

Based on the scope of project development work for the *Swift* BRT Orange Line project, Community Transit identified the associated NAICS Codes.

Table 2: Applicable NAICS Title and Industry

NAICS Code	Industry	Description
541310	Design & Project Development	Architectural Design includes BRT Corridor Design, Traffic Engineering, ROW
541330		Engineering Services
541370		Surveying and Mapping Services
541380		Geotechnical & Soil testing
541611		Program Management Support
541620		Environmental Consulting Services

Community Transit’s Long Range Transit Plan and its accompanying Transit Development Plan Draft for 2017 - 2022 contemplates establishing a network of several BRT and other transit services. The federal funding anticipated during FFY 2018-20 is \$5M and is planned to be applied to project development work for our next BRT line – the *Swift* Orange Line.

Based on our experience with our upcoming *Swift* BRT Green Line, we have allocated the \$5M Federal Funding as shown in Table 3 below.



Table 3: Project Cost Allocation

Description	Amount of FTA-Assisted Funds for Project element:	Percentage of total FTA-Assisted funds
Architectural Design includes BRT Corridor Design, Traffic Engineering, ROW	\$829,817	16.6%
Engineering Services	\$3,097,059	61.9%
Surveying and Mapping Services	\$48,700	1.0%
Geotechnical & Soil Testing	\$159,055	3.2%
Program Management Support	\$326,912	6.5%
Environmental Consulting Services	\$329,808	6.6%
Government Permits & Fees	\$208,650	4.2%
<b>Total:</b>	<b>\$5,000,000</b>	<b>100%</b>

3) Determine Appropriate Market Area

For the projects planned to be covered with federal grants during FFY 2018-20, Community Transit determined the nearby counties from where we obtain most of our vendor base to be an accurate representation of the market area. The counties are identified in Table 4:

Table 4: Identification of Market Area

Snohomish County	Whatcom County
King County	Chelan County
Pierce County	Island County
Skagit County	Kitsap County



We have considered the following items to define our market area for collection of DBE data.

- Past and current procurements
- Utilization of local market
- Availability of product, and services for immediate needs
- Impact of small business outreach

Our 2015-17 submission for DBE goal was based on Snohomish and King County data, which covers over 90 percent of our business area. However, as we encourage more small businesses to join our DBE program, we expanded the market area to jurisdictions that are within commute distance. In this submission, we have added Skagit, Whatcom, Island, Kitsap, Chelan, and Pierce counties.

Community Transit has annually conducted a small business outreach event titled North Puget Sound Small Business Summit to encourage DBE participation. These have been very successful events where attendance has come largely from these counties.

4) *Base Figure Determination*

The base figure is intended to be a measurement of the relative percentage of ready, willing, and able businesses that are DBEs. The recipient is required to measure willing and able businesses in its marketplace, using the best available evidence, to derive a fair and accurate base figure that represents the percentage of available DBEs. According to Section 26.45(c) and USDOT Tips, the overall goal must be based on demonstrable evidence of available ready, willing, and able DBEs relative to all ready, willing, and able non DBEs to participate on the Project.

a) *Relative Base Figure*

USDOT Tips requires the calculation of the relative base figure by dividing the number of market area DBEs by all market area businesses (DBEs and non-DBEs), which produces a relative base figure of **4.6 percent** for design as shown in Table 5.

*Table 5: Design & Project Development Relative Availability Base Figure*

Description	All Firms in Market Area (Including DBEs)	DBE's Available in Market Area	Relative Availability
Architectural Design includes BRT Corridor Design, Traffic Engineering, ROW	559	17	3.0411%
Engineering Services	1168	59	5.0514%
Surveying and Mapping Services	101	6	5.9406%
Geotechnical & Soil testing	120	2	1.6667%
Program Management Support	1207	48	3.9768%
Environmental Consulting Services	231	24	10.3896%
<b>Total:</b>	<b>3386</b>	<b>156</b>	<b>4.6%</b>

Weighting the data for relative availability with project fund allocation provides a weighted base DBE goal for the period. The calculations are shown in Table 6.

*Table 6: Combined Weighted Base Figure*

Description of Work	Percentage Availability of DBEs		Percentage of Total FTA Funds	Weighted Figure
Architectural Design includes BRT Corridor Design, Traffic Engineering, ROW	3.0411%	X	16.6%	0.50482%
Engineering Services	5.0514%	X	61.9%	3.12682%
Surveying and Mapping Services	5.9406%	X	1.0%	0.05941%
Geotechnical & Soil testing	1.6667%	X	3.2%	0.05333%
Program Management Support	3.9768%	X	6.5%	0.25849%
Environmental Consulting Services	10.3896%	X	6.6%	0.68571%
<b>Total:</b>				<b>4.7%</b>

**The weighted base figure for DBE goal is 4.7 percent.**

## Step Two Base Figure Adjustment

The Step Two base figure adjustment, as recommended in USDOT Tips, requires examining relevant and reliable data in the recipient’s market area to determine if an adjustment to the base figure is warranted. The consideration of an adjustment is intended to account for any impact the relevant factors may have on DBEs seeking contracting opportunities with Community Transit.

This step is intended to adjust the “base figure” percentage from Step One so it reflects, as accurately as possible, the DBE participation the recipient would expect in the absence of discrimination. This step involves obtaining the median of the past (e.g. triennial) period and then obtaining an average with the results of Step One.

As Community Transit was in a Conciliation Agreement with the FTA during FFY 2015-17, the DBE participation of those periods is not being included. This is advised by FTA in its tips for DBE goal setting: <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>.

Further, during FFY 2018-20 Community Transit will be applying FTA funds only to project development of a future BRT Orange Line, which covers A&E and consulting services, whereas FFY 2015-17 included construction and IT procurements.

In order to demonstrate that the results of Step One shown above are not very incongruent with past actions, a partial summary of DBE reports for FFY 2015, 2016 and first half of FFY 2017 is provided in Table 7, below.

Table 7: FFY 2015-17 DBE Utilization Summary (extract)

**Cumulative Data of Awards/Commitments Made During FFY 2015-17 Reporting Periods:**

	Total Dollars	Total Number	Total to DBEs (dollars)	Total to DBEs (number)	Total to DBEs/Race Neutral (dollars)	Total to DBEs/Race Neutral (number)	Percentage of total dollars to DBEs
Prime contracts awarded this period	\$11,314,275	81	\$0	0	\$0	0	0%
Subcontracts awarded / committed this period	\$5,185,771	98	\$714,507	24	\$714,507	24	14%
<b>TOTAL</b>			<b>\$714,507</b>	<b>24</b>	<b>\$714,507</b>	<b>24</b>	<b>6%</b>

Salient items in the above table show:

- Community Transit has not had any DBE prime contractors on our projects
- All DBE participation has been through sub-contracts
- Cumulative DBE utilization during the period was 6 percent
  - Work in FFY 2015-17 included A&E, consulting, construction and IT projects
  - Work in FFY 2018-20 only includes A&E and consulting

**Summary of Steps One & Two:**

1. During FFY 2018-20, Community Transit expects to receive \$5M for project development work for *Swift* BRT Orange Line, as shown in Table 3. No additional funding is anticipated at this time.
2. As shown in Table 6, the DBE goal for FFY 2018-20 is 4.7 percent.
3. Our DBE goal calculation of 4.7 percent for FFY 2018-20 is aligned with our 6 percent DBE utilization during 2015-17.

**Race and Gender-Neutral Goal**

The final requirement of the goal-setting process is to determine the portion of the overall goal that will be achieved by race and gender-neutral means. As required by 49 CFR 26.51, the maximum feasible portion of the overall DBE goal should be achieved using race and gender-neutral means. During FFY 2015-17, Community Transit achieved a DBE utilization of 6 percent by race neutral means. As such, Community Transit projects it shall meet its FFY 2018-20 DBE goals through race and gender-neutral measures.

**Public Comment and Notice of Proposed Goals**

In accordance with 49 CFR 26.45(g), Community Transit provided an opportunity for public participation in establishing its overall DBE goal. This process involved:

- Consulting with minority, women and general contractor groups; community organizations; and other officials that could be expected to have information concerning DBE and non-DBE availability, the effects of discrimination of opportunities for DBEs, and Community Transit's efforts to establish a level playing field for the participation of DBEs.

- Providing public notice of the proposed overall goal by making the goal-setting methodology and rationale available for public inspection.

1) *Consultation with minority, women and general contractors; community organizations etc.*

Community Transit established a DBE committee consisting of minority, women, and general contractor groups; and community organizations in December 2015. The committee met several times over a period of 18-months. During these meetings, the committee members were provided information about Community Transit, its DBE program and goal setting regulations and tips. The members advised Community Transit on SBE/DBE program matters.

The DBE committee consists of six members:

a) Community organizations:

- i) Lily Keeffe - Project Director, Northwest Small Business Transportation Resource Center
- ii) Alicia Marcelina – Economic Alliance of Snohomish County

b) Minority contractors or consultants:

- i) Russell Meeds – DBE, Meko Construction and Meeds Environmental
- ii) Forrest Gillette – SBE, Gillette & Associates

c) Women owned small business:

- i) Cara Buckingham – DBE, Birch Equipment

d) General contractor:

- i) Andrew Thompson - Granite Construction Company

The DBE committee deliberated and supported Community Transit's process of determination of DBE goal for FFY 2018-20.

2) *Public Notice*

On June 23<sup>rd</sup> 2017, Community Transit also published its DBE goal in its newspaper of record, The Everett Herald, and in the minority newspaper, The Skanner, to obtain general public input. At the same time, the notice was published on our web page at: [Click Here](#).

No comments were received and no changes were made to the goal as calculated.