

Missoula Urban Transportation District (dba Mountain Line) Disadvantaged Business Enterprise Goal and Methodology FFY2023, 2024, 2025

DRAFT – May 27, 2022

INTRODUCTION

Pursuant to Title 49 Code of Federal Regulations (CFR) Part 26 “Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs,” the Missoula Urban Transportation District (MUTD) sets forth its Triennial Disadvantaged Business Enterprise (DBE) Goal and corresponding goal-setting methodology for the three-year Federal Fiscal Year (FFY) goal period of 2023-2025 (October 1, 2022 through September 30, 2024). The purpose of the DBE goal setting process is to ensure nondiscrimination in the award and administration of U.S. Department of Transportation (DOT)-assisted contracts, to create a level playing field on which DBEs can compete fairly for those contracts, and to ensure the DBE Program is narrowly tailored in accordance with applicable law.

MUTD has established an overall DBE goal of 5% for FFY 2023-2025 anticipated to be met fully by race-neutral measures.

BACKGROUND

MUTD is the governing body of Mountain Line, Missoula’s community bus service, which provides zero-fare, fixed-route bus and paratransit service in and around the City of Missoula (population 75,000), as well as service specifically targeted at the University of Montana, which serves over 10,000 students. The agency serves 70 square miles throughout the Missoula Valley, running 12 fixed routes with a fleet of 33, ADA-accessible coaches. Mountain Line’s fixed-route fleet currently comprises 12 battery-electric buses and 21 diesel buses, and will transition to a zero-tailpipe-emissions fleet by 2035.

Within its service territory Mountain Line also offers door-to-door paratransit service and a Shuttle Van service for seniors not eligible for paratransit under ADA. Mountain Line operates and maintains 12 paratransit vehicles and one Shuttle Van.

The agency has grown to provide an average of 1.5 million rides annually (pre-pandemic) on its fixed-route system, and over 200 individually-scheduled rides per day on its paratransit service.

MUTD operations are primarily funded through local property taxes, with support from the Federal Transit Administration (FTA). MUTD has also been awarded federal funding to implement bus stop improvements and purchase electric buses and charging infrastructure.

MARKETPLACE

MUTD’s DBE goal is narrowly tailored to the agency and area marketplace, and is a realistic measure of companies that are ready, willing, and able to participate in DOT-assisted contracts. MUTD will use the Montana DOT DBE and Small Business Enterprise (SBE) Directory to identify DBEs across Montana to contact them to ascertain their interest in bidding on upcoming opportunities.

MUTD's market area for goalsetting was determined in collaboration with the Federal Transit Administration Region VII and VIII Civil Rights Officer. The agency set its parameters to include all DBEs and all firms registered in the state of Montana by NAICS code for projects on lines 3 – 7 in Table 1 (below). For projects on lines 1 and 2 in Table 1, MUTD more narrowly tailored the market area to include only those contractors operating in the following counties: Missoula, Mineral, Granite, Ravalli, Sanders and Lake. This narrowing of the marketplace for projects on lines 1 and 2 was based upon past experience with similarly-coded contractors not wanting to bid on projects outside of a comparable radius.

OUTREACH

During this goal setting process, MUTD will reach out to the University of Montana Business school, Missoula Chamber of Commerce, Missoula Downtown Partnership, Missoula Midtown Association, Montana Department of Commerce, Montana Department of Transportation, and all DBEs certified in the state of Montana to measure and analyze the availability of DBEs in our community.

Letters outlining the projected opportunities for FFY 2023-2025 will be mailed out in the summer of 2022 to all DBEs and all registered firms certified under the corresponding NAICS codes in Montana. Those businesses will be invited to a virtual forum with MUTD to meet and discuss the services they provide. All firms interested in being added to the Bidder's List will be asked to submit a Vendor Information Form that includes the Name, Address, DBE/Non-DBE Status, and Annual Gross Receipts of the firm. Companies that respond that do not provide services related to the operations of public transit will also added to the Bidder's List upon request.

GOAL SETTING METHODOLOGY

The overall goal must be based on demonstrable evidence of the availability of DBEs relative to all businesses ready, willing and able to participate on MUTD's DOT-assisted contracts. In accordance with 49 CFR 26.45(c)(d), MUTD utilized the following two-step process to develop its overall DBE goal:

- Step One – Base Figure: Calculation of a base figure that represents the availability of certified DBEs ready, willing, and able to work on MUTD contracts and their contracted service provider's contracts, as well as determining a rational total number of firms available to provide the same services.
- Step Two – Adjustments: Adjustment of the base figure so that the final overall goal represents the amount of participation that MUTD might expect in the absence of discrimination or its effects. Determination of adjustments is based upon the contracting program and knowledge of the local contracting market. This process is intended to provide the maximum flexibility for the agency while ensuring that the goal is based on availability of ready, willing and able DBEs of all firms in its relevant market.

Enclosed is a list of potentially available contracting opportunities with MUTD, the budget affiliated with each item, and the NAICS code. Also to be enclosed upon final submission are the following items pertaining to MUTD's FFY 2023-2024 DBE Goal:

1. Letter to Montana DBEs
2. Summary of feedback from stakeholders and DBEs during virtual open houses.

Step 1: Development of a base figure

MUTD followed one of the prescribed goal-setting methodologies in accordance with 49 CFR 26.45. DBE availability was determined using the Montana DOT’s Directory of Disadvantaged Business Enterprises (Transportation, DBE/SBE Directory, 2022). For all firms, MUTD used the most recent U.S. Census Bureau County Business Patterns by NAICS (Bureau, 2022).

For each contracting opportunity, MUTD calculated the number of DBEs and the number of all firms available for each opportunity, then arrived at a percentage of DBEs to all firms for each category. See Table 1.

Table 1 – Relative Availability

(Math explained: Available DBEs divided by all firms available, multiplied by 100.

Example: 2 DBEs / 35 firms = 0.057 x 100 = 5.71%

| | NAICS Code | Project | Number of DBEs available to perform this work | Number of all firms available (including DBEs) | Relative Availability % |
|------------------------|------------|--|---|--|-------------------------|
| 1) | 238110 | Bus Stop Improvement Project, Phase I (Bus & Bus Facilities): concrete work: patching, curb work, boarding pads, curb paint. | 2 | 35 | 5.71% |
| 2) | 238190 | Bus Stop Improvement Project, Phase II (Bus & Bus Facilities): Sign installation & removal; curb paint | 0 | 3 | 0.00% |
| 3) | 423850 | Install BEB charging infrastructure (Low-No) | 1 | 13 | 7.69% |
| 4) | 541611 | Technical Assistance with BEB project | 7 | 345 | 2.03% |
| | | Bus & Bus Stop Amenities (5307 Operational Grant annual funding) | | | |
| 5) | 423850 | Bus Wash | 1 | 13 | 7.69% |
| 6) | 541611 | Strategic Planning Consultation Services | 7 | 345 | 2.03% |
| 7) | 423850 | Bus Lift | 1 | 13 | 7.69% |
| Combined Totals | | | 19 | 767 | 2.48% |

Next, MUTD determined the weighted base figure for each contracting opportunity. This was done by calculating the value of each contracting opportunity (see Appendix A) as a percentage of the total DOT-funded budget and multiplying that by the relative availability base figure. This calculation gives us the weighted relative availability for each opportunity, which, when added together, gives us our weighted base figure.

For example, in line 1 in Table 2 (below), the contracting opportunity dollar amount for NAICS code 238110 is \$271,564.80. Out of total expected DOT-funded budget of \$1,327,274, the percentage of the contracting opportunity on line 1 is $271,564.80 / 1,327,274 = 0.2046$, or 20.46%.

Next, we multiplied this percentage by the relative availability calculated in Table 1. This process gave us the weighed base figure for each contracting opportunity. To continue our example using line 1, MUTD calculated 0.2046×0.05714 to equal 0.0117, or 1.17%. See Table 2 for all weighted base figures.

Finally, MUTD added all weighted base figures together to determine or total weighted base figure to inform our DBE agency goal.

Table 2 – Weighted Base Figures

| | NAICS Code | Project | Weight | x | Availability | Weighted Base Figure |
|----|------------|--|---------|---|--------------|----------------------|
| 1) | 238110 | Bus Stop Improvement Project, Phase I (Bus & Bus Facilities): concrete work: patching, curb work, boarding pads, curb paint. | 0.2046 | x | 0.05714 | 0.0117 |
| 2) | 238190 | Bus Stop Improvement Project, Phase II (Bus & Bus Facilities): Sign installation & removal; curb paint | 0.1364 | x | | |
| 3) | 423850 | Install BEB charging infrastructure (Low-No) | 0.3418 | x | 0.07692 | 0.0263 |
| 4) | 541611 | Technical Assistance with BEB project | 0.02034 | x | 0.02029 | 0.0004 |
| 5) | 423850 | Bus Wash | 0.11772 | x | 0.07692 | 0.0091 |
| 6) | 541611 | Strategic Planning Consultation Services | 0.13562 | x | 0.02029 | 0.0028 |
| 7) | 423850 | Bus Lift | 0.04351 | x | 0.07692 | 0.0033 |
| | | | | | Total | 0.054 |

The FTA methodology worksheet rounds up all weighted base figures and expresses them as a percent. Therefore, MUTD’s weighted base figure is 5%.

Step 2: Adjustments

During Step 2, MUTD examined evidence in its jurisdiction to determine what adjustment, if any, is needed to the base figure to arrive at the overall DBE participation goal. MUTD considered the following Step 2 adjustments:

- Current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years:
 - Historically, MUTD’s DBE goal has been 0%, as has past participation. Given this, MUTD did not consider an adjustment for past participation, to avoid an unfairly low expected number.
- Evidence from disparity studies:
 - The Montana DOT is currently conducting a disparity study, scheduled to be completed in May 2022. MUTD will review this study and take it into consideration for upcoming DBE goal adjustments. However, since the study is not yet complete, MUTD is not factoring it into an adjustment at this time.
- Information related to employment, self-employment, education, training and unions:
 - MUTD consulted the current Montana DOT DBE goal methodology for assistance in this area. Since the aforementioned disparity study is still in progress, MDT relies on a 2016 disparity study and finds:
 - “The 2016 Disparity Study conducted analysis related to marketplace conditions in Montana and found that there are barriers that certain minority groups and women face related to entry and advancement and business ownership in the Montana construction and engineering industries. Specifically, Native Americans working in the Montana construction industry were less likely than non-minorities to own construction businesses and women working in the Montana engineering industry were less likely than men to own engineering companies. Keen Independent estimated the availability of minority- and women-owned

firms but for the effects of race- and gender-based discrimination and determined there could be a possible upward adjustment to the base figure ... Keen Independent's adjustment analysis was based on road construction and did not factor in work types used on FTA-funded contracts. As a result, MDT chose not to make a step 2 adjustment based on this data." (Transportation, Federal Fiscal Year 2021 - 2023 Montana Department of Transportation Federal Transit Administration DBE Goal Methodology, 2021, p. 5)

- Because MUTD's contracts encompass work outside of road construction, the agency is following the lead of MDT and is also choosing not to make a step 2 adjustment based on this data.
- Any disparities in the ability of DBEs to get financing, bonding and insurance; and other relevant factors:
 - MUTD again followed MDT's lead in this category and is choosing not to make a step 2 adjustment based on this data.
 - Referencing MDT's current methodology, the agency found:
 - "The 2016 Disparity Study found quantitative and qualitative evidence of disadvantages for minorities, women, and minority- and women-owned firms relating to access to financing and bonding. Although the analysis indicates an upward adjustment could be made to address these barriers, the impact of those factors could not be quantified ... As a result, MDT chose not to make this Step 2 adjustment." (Transportation, Federal Fiscal Year 2021 - 2023 Montana Department of Transportation Federal Transit Administration DBE Goal Methodology, 2021, p. 5)

Race Conscious / Race Neutral Evaluation

49 CFR 26.51 requires that the maximum feasible portion of MUTD's DBE goal is met through race neutral means. As such, MUTD is proposing to meet the goal of 5% using solely race neutral methods for FFYs 2023 through 2025.

In accordance with 49 CFR 26.47(d), MUTD will continue to monitor DBE participation and if the trends make it unlikely that the overall goal will be achieved through race neutral means, race conscious measures may be added for the remainder of the fiscal year.

Race-Neutral Initiatives

MUTD will attend trainings throughout the year provided by MDT to enhance our knowledge of the DBE program and improve collaboration between providers and DBE firms. MUTD will also extend offers of training and information about the DBE program in our local community.

In addition, MUTD relies on MDT for trainings to DBE firms. MDT offers training and consults with minority, women's, and general contractor groups regarding availability of disadvantaged and non-disadvantaged businesses.

Submission and Publication of Goal

On May 31, 2022, MUTD published its draft DBE goal and methodology (2023-2025) on its public website.

Works Cited

Bureau, U. C. (2022). *Explore Census Data*. Retrieved from <https://data.census.gov/cedsci/>

Transportation, M. D. (2021). *Federal Fiscal Year 2021 - 2023 Montana Department of Transportation Federal Transit Administration DBE Goal Methodology*. Retrieved from https://www.mdt.mt.gov/other/webdata/external/civilrights/dbe/FTA_DBE_Goal.pdf

Transportation, M. D. (2022). *DBE/SBE Directory*. Retrieved from <https://app.mdt.mt.gov/dbe/dbe/list>

Appendix A – Upcoming DOT-Funded Projects for FFYs 2023 – 2025

| | NAICS Code | Project | Amount of DOT funds on project: | % of total DOT funds (weight) |
|--|-------------------|--|--|--------------------------------------|
| 1) | 238110 | Bus Stop Improvement Project, Phase I (Bus & Bus Facilities): concrete work: patching, curb work, boarding pads, curb paint. | \$271,564.80 | 0.2046 |
| 2) | 238190 | Bus Stop Improvement Project, Phase II (Bus & Bus Facilities): Sign installation & removal; curb paint | \$181,043.20 | 0.1364 |
| 3) | 423850 | Install BEB charging infrastructure (Low-No) | \$453,666.00 | 0.3418 |
| 4) | 541611 | Technical Assistance with BEB project | \$27,000.00 | 0.0203 |
| 5) | | Bus & Bus Stop Amenities (5307 Operational Grant annual funding) | | 0 |
| 6) | 423850 | Bus Wash | \$156,250.00 | 0.1177 |
| 7) | 541611 | Strategic Planning Consultation Services | \$180,000.00 | 0.1356 |
| 8) | 423850 | Bus Lift | \$57,750.00 | 0.0435 |
| Total FTA-Assisted Contract Funds | | | \$1,327,274.00 | 1 |