City of Seattle

Federal Transit Administration

DBE METHODOLOGY AND GOAL
FISCAL YEARS 2026-2028

DISADVANTAGED BUSINESS ENTERPRISE GOAL AND GOAL SETTING METHODOLOGY FISCAL YEARS 2026-2028

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. 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 2026-2028

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 2026-2028 of 15.8% with an 3.3% 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. City of Seattle commissioned a Disparity Study from Colette Holt & Associates ("CHA") and as part of the analysis, CHA determined the base figure of DBE availability and provided data relevant to determine whether to adjust the base figure. The data and results are discussed below.

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.

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 2026 – 2028 is expected to consist of projects from Seattle Department of Transportation and Seattle Center. Additional projects may be undertaken if additional revenue becomes available (the overall DBE goal will be adjusted if necessary). These anticipated contracts with the estimated federal dollars allocated to each project are listed in Table 1.

Table 1: Anticipated FTA-assisted contracts for FY 2026 - 2028

Projects	FTA Funds
NE 130th & 125th Mobility and Safety	$7,626,453
Auora Ave N Safety & Transit Access Improvements - Communications & Outreach	$3,074,930
RapidRide J. Final Design	$60,100,000
Route 40 TPMC	$2,405,048
Monorail Propulsion System Replacement	$4,500,000
Seattle Center Monorail Station Reconfiguration	$15,500,000
	$93,206,431

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

Project	NAICS	NAICS Description	FTA FUNDS
NE 130th & 125th Mobility and Safety	541370	Surveying and Mapping	$ 72,000
	561990	Traffic Control	$ 936,250
	238210	Electrical & Sawcutting	$ 3,180,121
	212319	Mineral Aggregate	$ 183,355
	237310	Concrete and Structural guideway work	$ 2,501,070
	561730	Landscaping	$ 697,357
	237310	Channelization	$ 51,300
	541380	Vibration Monitoring	$ 5,000
Auora Ave N Safety & Transit Access	541820	Public Relations Services	$ 749,930
	541320	Landsape Architectural	$ 967,500
	541330	Engineering Services	$ 966,000
	541340	Drafting Services	$ 175,000
	541370	Surveying and Mapping	$ 58,500
	541620	Engineering Services	$ 158,000
RapidRide J. Final Design	237310	Roadway construction	$ 35,000,000
	238210	Electrical	$ 20,000,000
	237110	Sewer and Fire Hydrants	$ 1,000,000
	561730	Landscaping	$ 1,000,000
	541370	Surveying and Mapping	$ 100,000
	237110	Engineering Services	$ 2,500,000
	541690	Environmental Consulting Services	$ 500,000
Route 40 TPMC	541370	Surveying and Mapping	$ 37,000
	561990	Traffic Control	$ 418,100
	238210	Electrical	$ 1,345,112
	238990	Saw Cutting	$ 52,596
	212319	Mineral Aggregate	$ 28,030
	237310	Asphalt Paving	$ 213,204
	561730	Landscaping	$ 28,770
	237310	Channelization	$ 282,236
Monorail Propulsion System Replacement	541330	Engineering Services	$ 1,000,000
	485119	Other Urban Transit System	$ 3,500,000
SC Monorail Station Reconfiguration	237990	Other Heavy and Civil Engineering Construction	$ 15,500,000
			$ 93,206,431

c) Base Figure Analysis of the Relative Availability of DBEs

To determine the geographic market area, the City of Seattle Disparity Study applied the national standard of identifying the firm locations and analyzed the detailed industries, as defined by 6 digit North American Industry, classification System (NAICS) codes that account for at least 75% of contract and subcontract dollar payments in the Final Contract Data File ("FCDF"). Firm location was determined by zip code and aggregated into counties as the geographic unit. King County captured 99.1% of the Final Contract Data File ("FCDF").

Having determined the Department's product and geographic market areas for FTA- funded contracts, the Disparity Study determined the dollar value of City of Seattle utilization of DBEs as measured by payments to prime firms and subcontractors and disaggregated by race and gender.

Colette Holt & Associates (CHA) next determined the unweighted availability of MBE/WBEs in the City's geographic and product markets using the modified "custom census" approach to estimating availability and the further assignment of race and gender using the Final Contract Data File ("FCDF"), the Master M/W/DBE Directory created by CHA for the Study and other sources. The Disparity Study merged the databases to form an accurate estimate of the step 1 base figure. The table below presents the weighted availability results for each of the racial and gender categories.

The aggregated availability of DBEs, weighted by the City's spending in its geographic and industry markets, is 10.1%.

Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
1.2%	0.7%	2.7%	0.6%	4.9%	10.1%	89.9%	100.0%

Source: CHA analysis of City of Seattle data; Hoovers; CHA Master Directory

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 2026-2028 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

FYF - DBE Annual Review	Conttract Award ($)	DBE Participation (Dollar Value)	FTA DE Participation (%)
2019	5,879,857	1,322,605	22%
2020	1,265,690	256,914	20%
2021	4,279,503	1,040,958	24%
2022	911,560	348,279	38%
2023	1,437,772	301,228	21%
2024	58,602,756	8,317,478	14%
Median DBE Participation within the last six years			21.5%

The DBE participation attainments during the last six 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 average median DBE participation is 21.5%. This supports upward adjustment.

Average Median Past Participation % with Base Figure %:

$$\frac{21.5\% + 10.1\%}{2} = 15.8\%$$

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

In developing the FFY 2026-2028 DBE goal, City of Seattle reviewed the results of the City of Seattle and Sound Transit Disparity Studies. Sound Transit used regression analysis to examine whether race/ethnicity and gender affect rates of self-employment among workers in the local transportationrelated construction industry in the relevant geographic market area. The regression analyses allowed 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 disparity studies 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 disparity studies presented evidence that some groups of minority- and woman-owned businesses are less successful than other businesses:

- There are significant disparities in the results of utilization compared to availability. The disparaty Study found that, in general, WMBEs received contracting opportunities that starkly differ from non-WMBEs. The NAICS codes that provided most of the contract dollars received by minority and woman-owned businesses were different from the codes where the City spent its funds. Further, the codes that generated the most funds for non-WMBEs generated few funds for WMBEs.

- It 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.

These results support the conclusion that narrowly tailored race- and gender-conscious measures may still be supportable to ensure that minority and woman firms have equal opportunities to compete for all types of City contracts.

Resultant Goal Adjustment

City of Seattle analysis has decided to make an upward adjustment to its base figure. The City has decided to make an upward adjustment based on: the past DBEs participation City of Seattle FTA funded projects; disparities in business ownership for minorities and women; and barriers in financing and business success for minorities, women, and minority- and woman-owned businesses.
The impact of these factors resulted in an upward adjustment of the Base Figure to 15.8% for DBE participation contracts projected to be expended for Fiscal Years 2026-2028.

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.

	Goals		Achievement	
Fiscal Year	RN	Overall	RN2	Overall2
2019	13%	17.05%	22%	22%
2020	13%	17.05%	13%	20%
2021	13%	17.05%	12%	24%
2022	12%	20.40%	33%	38%
2023	12%	20.40%	0%	21%
2024	12%	20.40%	10%	14%
Median within the last six years				12.5%

Our annual review analysis and semi-annual DBE reports over the past six years has consistently exceeded the goal and has a median DBE participation. 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 15.8% with an 3.3% race-conscious component 12.5% race and gender-neutral component on FTA-assisted contracts to be awarded in Fiscal Year 2026 through Fiscal Year 2028. 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 month.

- 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 the Consultant Contract Technical Assistance program 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 21, 2025 at Seattle Municipal Tower
- July 22, 2025 at Seattle Municipal Tower
- July 24, 2025 at Tabor HUB, Tukwila
- July 25, 2025 at Tabor HUB, Tukwila

Suggestions received from the participants included:

- *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 2026 - 2028, 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 2026-2028 is 15.8% with 3.3% race-conscious and 12.5% 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 informe that the proposed goal will be available for public comment of the goal methodology for over 30 days from the date of publication (See apprendix A)

Appendix A

Public Notice
Disadvantaged Business Enterprise (DBE) Goal For Federal Fiscal Years 2026-2028

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 2026, 2027, and 2028 goal of 15.8% with 3.3% race-conscious and 12.5% race-neutral component 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.