



2023 Disparity Study Report

Executive Management Committee

March 21, 2024



RECOMMENDATIONS/BACKGROUND

- A. RECEIVE AND FILE the Final 2023 Disparity Study Report; and
- B. AUTHORIZE the Chief Executive Officer (CEO) to develop a three-year pilot Micro Small Business Program and certification designation.

BACKGROUND:

- Metro commissioned BBC Research & Consulting to conduct 2023 Disparity Study.
- Purpose: To evaluate if current contracting conditions at Metro are creating barriers for POC- and woman-owned businesses (DBEs) and to identify strategies to increase equity and eliminate barriers in Metro contracting.
- Analyzed Metro's contracting data over a six-year period from January 1, 2016 – December 31, 2021.
- Study Engagement:
 - Led 2 focus groups
 - Gathered anecdotal comments from 507 business owners/representatives
 - Completed 42 in-depth interviews with owners/representatives
 - Conducted 2 public meetings, one in-person and one virtual on study findings



Metro

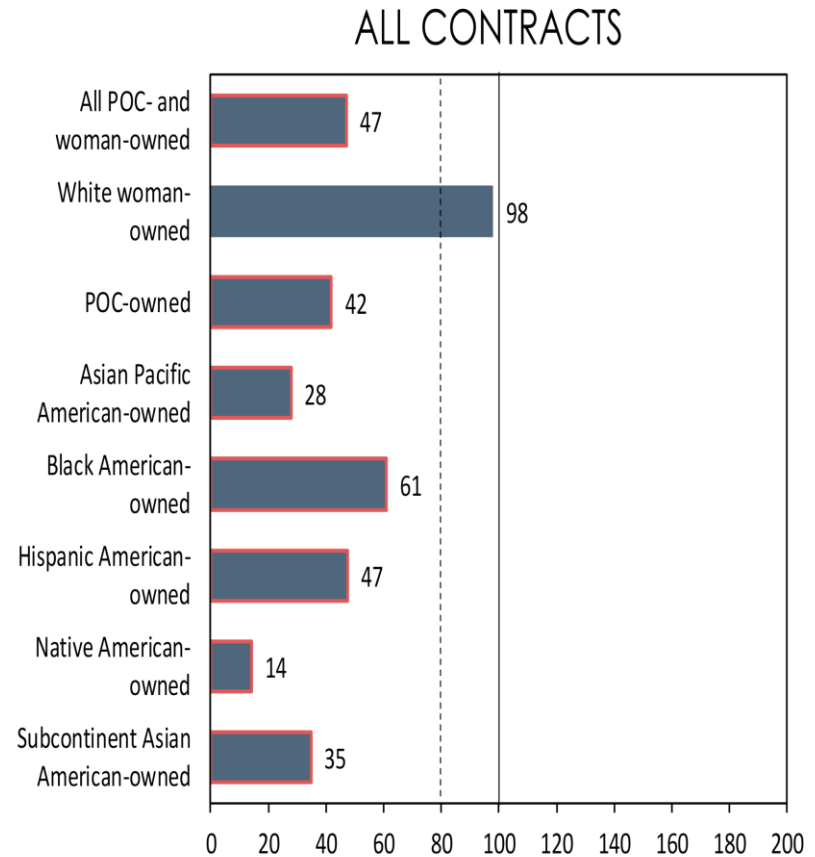
2017 – 2023 COMPARISON

- By comparison, the Study found overall availability increased by 15.5% from 2017 to 46.8% in 2023.
- The Study also found overall utilization decreased slightly by 1.2% from 2017 to 2023.
- The 31.3% availability of potential DBEs demonstrates a 4.3% increase over 2017 and represents firms that could potentially be certified as DBEs.

POC-/Woman-Owned Business Results	2017	2023
Composition of Availability Database	47.0%	53.3%
Overall Dollar Weighted Availability	31.3%	46.8%
Overall Dollar Weighted Utilization	23.2%	22.0%
Availability of Potential DBEs	27.0%	31.3%

OVERALL DISPARITY RESULTS

- All individual groups of People of Color (POC) -owned and women-owned businesses exhibited substantial disparities for Metro work.
 - All POC-and woman-owned (47)
 - White woman-owned businesses did not exhibit a substantial disparity for Metro work (98)
 - POC-owned (42)
 - Asian Pacific American-owned businesses (28)
 - Black American-owned businesses (61)
 - Hispanic American-owned businesses (47)
 - Native American-owned businesses (14)
 - Subcontinent Asian American-owned businesses (35)



*Disparity index of 80 or less = substantial underutilization; Disparity index of 100 = parity



QUALITATIVE DATA

Key concerns raised from qualitative data collection:

- Challenges responding to public sector bid requests and requests for proposals.
- Difficulties managing the administrative aspects of running a business.
- Prompt payment by agencies and prime contractors.
- Access to bonding, insurance, and financing; and
- Closed networks within the business community.

STUDY RECOMMENDATIONS

	Recommendations	Metro Response
1.	Rotation system for bench contracts and/or developing benches comprised solely of SBE/DBE firms	Metro is currently implementing, on a small percentage of contracts, a rotational bench system and already has benches established that are comprised exclusively of small and disadvantaged businesses. To provide opportunity for each firm on the bench to get work, staff will continue to work with Metro Departments and Vendor Contract Management (VCM) to encourage more use of these types of benches, as appropriate. Staff will also review anecdotal to identify further process improvements.
2.	Provide technical assistance support on how to bid with Metro	While the DBE Program has experienced a measure of success in providing opportunities for disadvantaged businesses, there is an urgent need to address the substantial disparity identified in the study and to increase utilization. DEOD will establish a Business Technical Development Program (BTDP) to provide technical assistance to SBE/DBE firms during the performance of their subcontract.
3.	Develop a Microbusiness Program	Staff recommends policy authorization to develop a three-year pilot Micro Small Business Program and certification designation and will collaborate with VCM on program contracting thresholds.
4.	Consider changing solicitation language to encourage primes to partner with subcontractors with which they have never work	DEOD will work with VCM to develop solicitation language that encourages primes to partner with SBE/DBE subcontractors they have never worked with to increase new business engagement.
5.	Unbundling large contracts	DEOD encourages unbundling as a component part of the Set Aside Program. Staff will continue to work with Metro Departments and Project Manager during the procurement planning process to evaluate the potential benefits of unbundling large contracts.
6.	Adjust contract value for inflation for projects that span a certain number of years	DEOD and VCM will explore the feasibility of implementing this recommendation.
7.	Improvements prequalification requirements	DEOD will work with VCM to implement process improvements to the Pre-Qualification requirements that will reduce the administrative burden on small and disadvantaged businesses competing for Metro work.



NEXT STEPS

- Upon Board approval, initiate development, and implementation process for the three-year pilot Micro Small Business Program.
- Staff will use Study data for the development of upcoming triennial Overall DBE goal for FFY 2025 – 2027:
 - Return to the Board in June 2024 with recommended triennial overall DBE goal for consideration and approval.
 - Submit FFY 2025- 2027 Overall DBE Goal Methodology to FTA by the August 1, 2024, deadline.
- New initiatives developed and implemented as a result of the study will be included in the 48 x '28 Plan for tracking and reporting purposes.