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2026 Sound Transit Economic Impact Study

Photo credit: Sound Transit

Final Report

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2026 Sound Transit Economic Impact Study

Prepared for
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SOUND TRANSIT

Economic Impact Study

EXECUTIVE SUMMARY

From 2020-2024, using participation goals, Sound Transit awarded $154.9 million to 137 Washington-based businesses, including...

$12.2 million awarded to **24** **Emerging Small Businesses** (make less than $3M per year).

$25.2 million awarded to **42** **Rising Small Businesses** (make between $3M and $10M per year).

$129.5 million awarded to **109** **person of color- and woman-owned businesses.**

Across Washington, these awards generated

$281.9 million

in total economic activity

supported 1,639 jobs

yielded $140.5M in income

$1 awarded to certified, Washington-based businesses

yielded

$1.82 in economic activity across the state

Using participation goals, from 2020-2024, Sound Transit generated substantial economic activity across its Relevant Geographic Market Area (RGMA), which comprises King, Pierce, and Snohomish counties.

King County

In King County, these awards generated

$194.1 million

in total economic activity

supported 1,236 jobs

yielded $111.0M in income

$1 yielded $1.64 in economic activity

Pierce County

In Pierce County, these awards generated

$29.3 million

in total economic activity

supported 128 jobs

yielded $10.8M in income

$1 yielded $2.15 in economic activity

Snohomish County

In Snohomish County, these awards generated

$37.3 million

in total economic activity

- supported 169 jobs
- yielded $12.5M in income
- $1 yielded $1.99 in economic activity

Seattle

In Seattle, these awards generated

$65.6 million

in total economic activity

- supported 232 jobs
- yielded $32.1M in income
- $1 yielded $1.62 in economic activity

> *"As a [Disadvantaged Business Enterprise-certified] firm, condition of award goals, … there is no doubt that that helps. And in the biggest way, I feel like it's the general contractors [that] become more proactive in notifying us of these opportunities."*

Sound Transit awarded a greater share of dollars to RGMA-based businesses than peer transit agencies did over a similar time period.[1]

94% **of Sound Transit dollars** awarded to RGMA-based businesses

83% **of peer transit agency dollars** awarded to their RGMA-based businesses

Spending with small, regional businesses generates more economic activity.[2]

59% of dollars spent with **small businesses** stay in the region

22% of dollars spent with **large businesses** stay in the region

Community Contributions[3]

Because of participation goals...

Businesses can increase revenue and build capacity

Households can access more job opportunities and economic stability

Communities can experience growth, job creation, and resilience

Key Takeaways

Sound Transit's spending supports regional businesses, business owners, workers, and communities across its RGMA.

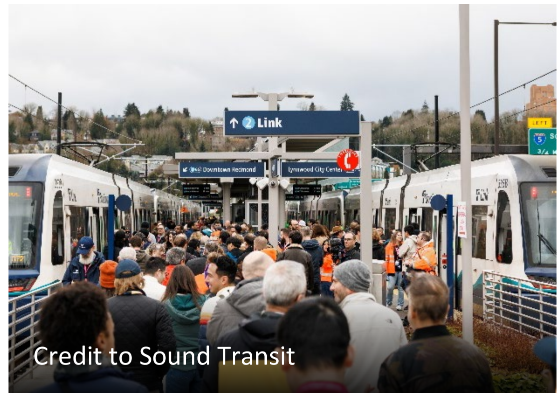
Awards to regional businesses drive economic and community contributions

Spending with small businesses generates a larger return on investment

Program expansion can create additional economic and community returns

1. Based on BBC Research & Consulting's assessment of in-scope awards by Sound Transit and peer transit agencies from 2014 -2024 . For more information, see Appendix B.
2. Adapted from research conducted by Civic Economics. For more information, see Appendix B.
3. Based on secondary research BBC Research & Consulting and Dynamic and Innovative Research Solutions conducted as part of the Economic Impact Study. For more information, see Chapter 2.

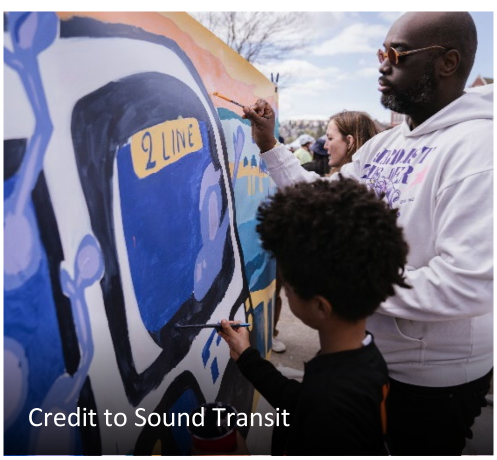
CHAPTER 1. Introduction



Credit to Sound Transit

The Central Puget Sound Regional Transit Authority, or *Sound Transit*, builds and operates regional transit services throughout the Seattle Metro Area, including the urban areas of Pierce, King, and Snohomish counties in Washington. Sound Transit serves nearly 40 million passengers each year through the various services it offers, including the Link light rail, Sounder commuter trains, the Sound Transit Express Bus, and soon, Stride bus rapid transit. To maintain, operate, and expand its transit system, from January 1, 2020, to December 31, 2024, Sound Transit awarded almost $1.8 billion in contracts and procurements in the areas of construction, architecture and engineering (A/E), professional services, and goods and services using a combination of state and local funds and funding from the United States Department of Transportation's (USDOT's) Federal Transit Authority (FTA).

Sound Transit is committed to eliminating barriers, creating opportunities, and building capacity for *small and diverse* businesses—which include businesses owned by socially and economically disadvantaged individuals; people of color (POCs); women; veterans; and people who identify as lesbian, gay, bisexual, transgender, or queer (LGBTQ)—as part of its contract and procurement processes to ensure that the vendors and contractors that build, support, and enhance its transit system represent the communities it serves. Small businesses—that is, businesses with an average annual revenue of $31.84 million or less—make up the overwhelming majority of Sound Transit's marketplace.[1] These business inclusion efforts are spearheaded by the agency's Office of Civil Rights, Equity and Inclusion Economic Development Division (CREI-EDD).



Credit to Sound Transit

In 2025, BBC Research & Consulting (BBC) conducted a *disparity study* analyzing the projects Sound Transit awarded from January 1, 2020, to December 31, 2024 (the *study period*), the businesses to which it awarded those projects, and the businesses in the agency's marketplace that could potentially perform work on those projects. As a continuation of that assessment, Sound Transit retained BBC to conduct an *economic impact study* to assess and quantify the economic activity that the agency, and CREI-EDD in particular, contributed to Sound Transit's marketplace, and to examine how changes to its procurement policies and practices could affect those contributions.

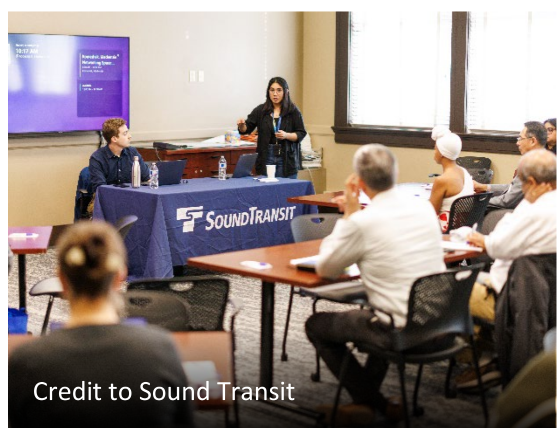
[1] For example, BBC found that 91.4 percent of businesses available for Sound Transit work are small businesses. Source: BBC Research & Consulting, "2025 Sound Transit Disparity Study," March 2026.

During the study period, CREI-EDD operated three *business inclusion programs* designed to support small and diverse businesses and increase those businesses' participation in its contracting opportunities: the Federal Disadvantaged Business Enterprise (DBE) Program, a small business element to the Federal DBE Program, and its Small Business (SB) Goals Program.[2, 3] BBC sought to quantify the economic value Sound Transit generated to the state, regional, and city economies in operating these business inclusion programs. As part of these programs, CREI-EDD evaluated projects with an anticipated contract value of more than $250,000 to determine if they should include a condition-of-award participation goal requiring a percentage of the project to be performed by businesses certified as DBEs or SBs (i.e., certified businesses). To participate in Sound Transit's Federal DBE Program, a business must be certified as a DBE with the Washington State Office of Minority and Women's Business Enterprises (OMWBE). To participate in Sound Transit's SB Goals Program, a business must be certified with either OMWBE or King County.

Certifying agency	Certification
OMWBE	Disadvantaged Business Enterprise (DBE) Federal Small Business Enterprise (FSBE) Minority Business Enterprise (MBE) Minority Women's Business Enterprise (MWBE) Women's Business Enterprise (WBE) Combination Business Enterprise (CBE) LGBTQ Business Enterprise (LGBTQBE) Public Works Small Business Enterprise (PWSBE) Socially and Economically Disadvantaged Business Enterprise (SEDBE)
King County	Small Contractors and Suppliers (SCS)

For the 2026 Sound Transit Economic Impact Study, BBC focused our analyses on the same projects we assessed in the 2025 Sound Transit Disparity Study to measure the economic contributions associated with those awards. We assessed the projects that we considered in scope for the study, including prime contracts the agency awarded during the study period and the subcontracts associated with that work. The economic impact study includes two key analyses:

- An assessment of the economic contributions attributable to the projects that Sound Transit awarded to Washington-based DBEs and SBs as part of its operations of business inclusion programs during the study period (*economic contributions assessment*), which we present in Chapter 2; and
- An assessment of the economic impact that one would expect that Sound Transit's project awards and business inclusion programs would have in various hypothetical scenarios simulating changes



Credit to Sound Transit

[2] USDOT issued an *Interim Final Rule 2025* (*IFR 2025*) on October 3, 2025, that substantially amended requirements to implement the Federal DBE Program. This study focuses on Sound Transit's implementation of the Federal DBE Program as the agency operated it during the study period, but it does not account for future-looking adjustments that the agency is undertaking to its implementation of the Federal DBE Program to remain in compliance with IFR 2025.

[3] At the time of writing, the agency does not operate a small business goals program as part of its small business element to the Federal DBE Program. This study focuses on the small business element as Sound Transit operated it from January 2020 through July 2023.

the agency could make to its business inclusion programs or its contract and procurement processes (*hypothetical economic impact assessment*), which we present in Chapter 3.

As part of this study, we also evaluated:

- Academic literature surrounding the methods and implications of economic contribution and economic impact assessments, especially as they pertain to local government spending, supplier diversity, and small businesses;
- The role of CREI-EDD and the internal efforts required to operate Sound Transit's business inclusion programs;
- Qualitative evidence from business owners and representatives of business support organizations regarding the contributions Sound Transit's business inclusion programs make to the business communities in the marketplace; and
- The implications of study results and of potential changes that Sound Transit could make to its business inclusion programs in the future.

The results of the economic impact study can help Sound Transit quantifiably demonstrate the value that its contract and procurement spending—especially its spending with small and diverse businesses—provided to its marketplace. The study presents extensive information about the degree to which Sound Transit's contracting activity supports the agency's constituents and taxpayers; strengthens state, regional, and city economies; and advances the economic development of small and diverse business owners. Results from the study can help the agency communicate the value of its contracts and procurements and its continued investment in small and diverse businesses in the marketplace.

Credit to Sound Transit

CHAPTER 2.
Economic Contributions of Participation Goals

> **From 2020 - 2024, Sound Transit awarded $154.9 million to 137 certified, Washington-based DBEs and SBs.**

Over the study period, Sound Transit awarded 936 construction, A/E, professional services, and goods and services projects that we considered in scope for our analyses. Of those, 121 projects included condition-of-award participation goals as part of the Federal DBE Program, a small business element to the Federal DBE Program, and the SB Goals Program that CREI-EDD operated. Using participation goals, Sound Transit awarded a total of $154.9 million associated with 258 unique prime contract and subcontract elements to 137 Washington-based DBEs and SBs over the study period, including:

- $12.2 million to 24 Emerging Small Businesses (i.e., DBEs or SBs with average annual revenues of less than $3 million);
- $25.2 million to 42 Rising Small Businesses (i.e., DBEs or SBs with average annual revenues greater than or equal to $3 million but less than $10 million);
- $117.4 million to 71 *other small businesses* (i.e., DBEs or SBs with average annual revenues greater than or equal to $10 million but less than $31.84 million); and
- $129.5 million to 109 DBEs or SBs that were owned by POCs or women.[4]

Those dollars served as inputs into Impact Analysis for Planning (IMPLAN), an economic impact modeling program, which BBC used to estimate economic activity, or economic contributions, associated with the dollars that Sound Transit awarded to Washington-based DBEs and SBs on projects the agency awarded over the study period with participation goals. We estimated the economic contributions of Sound Transit's use of participation goals at three distinct levels of geographic focus:

- The *state* level, which represented the economic activity that occurred in Washington state;
- The *regional* level, which represented the economic activity that occurred within Sound Transit's *Relevant Geographic Market Area* (*RGMA*), which we defined as King, Pierce, and Snohomish counties in Washington (i.e., the Seattle Metro Area); and
- The *city* level, which represented the economic activity that occurred within each of the following cities within the Seattle Metro Area:[5]
  - Seattle;
  - Tacoma;
  - Everett;
  - Renton;
  - Auburn;
  - Redmond;
  - Lynnwood;
  - Fife; and
  - Fircrest.

[4] These businesses were included in the counts of Emerging Small Businesses, Rising Small Businesses, and other small businesses.

[5] Measuring economic contributions and economic impacts at the city level does not always produce the most reliable results because of varying levels of data quality available for IMPLAN for relatively small geographic areas. For more information, see https://support.implan.com/hc/en-us/articles/115009506067-Understanding-Zip-Code-Data.

At each of these geographic levels, BBC calculated the *total economic contribution* that resulted from Sound Transit's use of participation goals to award project dollars to Washington-based DBEs and SBs. Total economic contribution combines key metrics of economic activity, including:

- **Output,** or ***total economic activity***, which is the value of produced goods and services in all affected economic sectors, including both direct and secondary economic contributions;
- **Employment**, or **jobs**, which is the number of full-time, part-time, and self-employed jobs supported by Sound Transit's direct and secondary economic contributions; and
- **Income**, which includes **wages** paid to workers and **proprietor income** for business owners associated with direct and secondary economic contributions.[6]

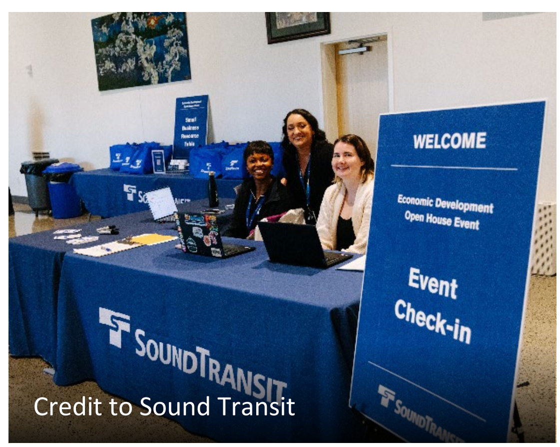
Direct economic contribution is a measure of the direct spending within the state, region, or city attributable to Sound Transit's award of dollars to DBEs and SBs using participation goals (i.e., the value of projects themselves).

Secondary economic contribution is a measure of the ripple effects of direct contributions through subsequent transactions within the state, region, or city after direct spending. It includes a measure of dollars spent in business-to-business spending and household consumption.

BBC inputted data on the dollars that Sound Transit awarded to Washington-based DBEs and SBs on projects with participation goals into IMPLAN to estimate how the agency's economic contributions moved through various industries at the state, regional, and city levels and supported additional output, employment, income, and other economic activity. We also assessed the community contributions associated with Sound Transit's operation of its business inclusion programs to award dollars to Washington-based DBEs and SBs. We did so by analyzing qualitative insights from small and diverse business owners, their representatives, and other stakeholders, which we collected as part of the 2025 Sound Transit Disparity Study, and by assessing other research as part of a literature review.

A. Contributions to the State Economy

BBC calculated the economic contributions across Washington associated with Sound Transit's spending with Washington-based DBEs and SBs when the agency used participation goals during the study period. Sound Transit awarded $154.9 million to certified Washington-based businesses, which generated $281.9 million in total economic activity, supported 1,639 full-time and part-time jobs, and yielded $140.5 million in business owner and worker income statewide.



Credit to Sound Transit

BBC calculated a ratio, or *multiplier*, that measured the additional economic activity ($281.9 million) generated

[6] BBC presents additional information about the direct, secondary, and total economic contributions of Sound Transit's use of participation goals and awards to DBEs and SBs in Appendix B – Methodology and Results.

by the direct economic activity ($154.9 million) in the state associated with Sound Transit's award of dollars to Washington-based DBEs and SBs when the agency used participation goals. This calculation showed that for every $1.00 that the agency awarded to a Washington-based DBE or SB using participation goals over the study period, it produced $1.82 in economic activity that circulated among suppliers, businesses, and households in the state.

Across Washington, these awards generated

$281.9 million

in total economic activity.

1,639 jobs supported

$140.5M in income

$1.82 multiplier

Sound Transit's spending with Washington-based DBEs and SBs produced the following direct economic activity in its primary contracting industries across the state:

- $19.8 million in the construction industry;
- $46.0 million in the A/E industry;
- $9.3 million in the professional services industry; and
- $79.9 million in the goods and services industry.

As a result of this spending, Sound Transit produced direct and indirect economic activity in various subindustries. The subindustries where Sound Transit generated the most economic activity were:

- $65.6 million in the investigation and security services subindustry;[7]
- $32.7 million in the A/E services subindustry;[8]
- $15.3 million in the environmental and other technical consulting services subindustry;
- $13.0 million to the non-residential building maintenance and repair subindustry; and

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[7] This activity resulted primarily from the direct economic activity associated with one large security services contract that Sound Transit awarded to a DBE using participation goals during the study period.

[8] The A/E services subindustry is a subset of the A/E industry.

- $13.0 million to the housing subindustry.[9]

The range of industries in which Sound Transit generated economic activity highlights the agency's role both as a core contributor to Washington's transit-related subindustries and to subindustries that support the livelihoods of employees, business owners, and their families (i.e., the housing subindustry).[10]

B. Contributions to the Regional Economy

The Seattle Metro Area is Washington's largest and most economically active region, and it is the geographic area in which the vast majority of businesses to which Sound Transit awards its contracting dollars are located (i.e., Sound Transit's RGMA). For example, the majority of the awards that Sound Transit made to Washington-based DBEs and SBs on projects with participation goals over the study period (84.3%) went to businesses located within the RGMA.

BBC calculated the economic contributions that Sound Transit's total spending with Washington-based DBEs and SBs when it used participation goals (i.e., $154.9 million in input) generated in the regional marketplace. That spending generated $263.9 million in total economic activity, supported 1,561 full-time and part-time jobs, and yielded $135.0 million in business owner and worker income.[11] Of the total economic activity that occurred in the region, $151.0 million resulted from direct economic contributions. Thus, every $1.00 that Sound Transit awarded over the study period to Washington-based DBEs and SBs when it used participation goals produced $1.75 in economic activity that moved through suppliers, businesses, and households in the Seattle Metro Area. This multiplier is less than the state-level multiplier because dollars leave the region more quickly than they leave the state entirely.

Across the region, these awards generated

$263.9 million

in total economic activity.

1,561 jobs supported

$135.0M in income

$1.75 multiplier

---

[9] Results for the housing subindustry combine "owner-occupied housing" and "tenant-occupied housing" subindustry results from IMPLAN.

[10] BBC observed the same trends for impacted industries at the regional marketplace level. For more details, see Appendix B.

[11] BBC presents economic contribution analysis results at the county level for King, Pierce, and Snohomish Counties in Figure B-2 in Appendix B.

C. Contributions to City Economies

BBC also calculated the economic contributions that Sound Transit's spending with Washington-based DBEs and SBs when it used participation goals generated in various city economies within the Seattle Metro Area. In Seattle, Sound Transit's spending with Washington-based DBEs and SBs when the agency used participation goals generated $65.6 million in total economic activity, supported 232 full-time and part-time jobs, and yielded $32.1 million in business owner and worker income. Economic activity within Seattle, the largest city in the RGMA ($65.6 million), accounted for almost one-quarter of the total economic activity that occurred regionally ($263.9 million). Of the total economic activity that occurred in Seattle, $40.4 million resulted from direct economic contributions. Thus, every $1.00 that Sound Transit awarded over the study period to Washington-based DBEs and SBs when it used participation goals produced $1.62 in activity that moved through suppliers, businesses, and households in Seattle.

In Seattle, these awards generated

$65.6 million

in total economic activity.

Sound Transit's use of participation goals to award dollars to Washington-based DBEs and SBs contributes to economic activity in cities throughout the region outside of Seattle. On the following page, we present key economic contribution results for various cities located in the RGMA (including results for Seattle). Regardless of whether Sound Transit awarded a contract using participation goals to a business located in a city we studied, the spending still affects the magnitude of the economic contributions we observed in that city. For example, no DBEs or SBs based in Fircrest received an award on a Sound Transit project that included participation goals during the study period. Yet, we observed economic activity in Fircrest resulting from the ripple effects of other awards in the region. This result demonstrates the interconnectedness of city economies and the reach that Sound Transit's contracting has in the region.

Economic contribution results for key cities in the RGMA[1]

Seattle

$65.6 million

in total economic activity.

- 232 jobs supported
- $32.1M in income
- $1.62 multiplier

Tacoma

$12.7 million

in total economic activity.

- 55 jobs supported
- $5.2M in income
- $1.47 multiplier

Everett

$7.0 million

in total economic activity.

- 50 jobs supported
- $2.6M in income
- $1.49 multiplier

Renton

$3.0 million

in total economic activity.

- 10 jobs supported
- $1.3M in income
- $2.05 multiplier

Auburn[2]

$73.4 million

in total economic activity.

- 785 jobs supported
- $56.1M in income
- $1.16 multiplier

Redmond

$2.3 million

in total economic activity.

- 7 jobs supported
- $939.2K in income
- $3.74 multiplier

Lynnwood

$6.6 million

in total economic activity.

- 12 jobs supported
- $1.3M in income
- $1.44 multiplier

Fife

$536.6 thousand

in total economic activity.

- 2 jobs supported
- $187.1K in income
- $2.23 multiplier

Fircrest

$80.4 thousand

in total economic activity.

- <1 job supported
- $14.9K in income
- -- multiplier

[1] Results based on the location of DBEs and SBs to which Sound Transit awarded work from 2020 through 2024 using participation goals.

[2] Economic contributions to Auburn resulted primarily from the award of one large security services contract to an Auburn-based DBE using participation goals during the study period.

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D. Community Contributions

For decades, government organizations have designed business inclusion programs to address historical and structural inequities experienced by diverse business owners. For example, the United States Congress established the Federal DBE Program in 1983 to help ensure that businesses owned by socially and economically disadvantaged individuals have fair, equal opportunities to compete for USDOT-funded work.[12]

Research indicates that those efforts can generate meaningful economic and community impacts. For example, a 2019 study found that the national economy would grow by $8 trillion if national racial equity gaps were closed, and a 2021 study found that closing the gender pay gap for women in Washington state would decrease the state's poverty rate by more than 40 percent.[13, 14] Research also indicates that organizations seeking to develop inclusive and representative procurement practices may enhance their economic and community contributions by expanding their efforts beyond attracting and supporting diverse businesses to include economically disadvantaged businesses, many of which are diverse businesses themselves.[15] Doing so can help organizations maximize their economic and community impacts.

These trends directly impact Sound Transit's stakeholders and the economic conditions in the regions where they live and work. The agency's use of business inclusion measures, such as the use of participation goals to encourage the participation of small and diverse businesses in its contracting, can support broader community and economic development outcomes. Inclusive procurement can positively contribute to:

- **Individual businesses**, because small businesses awarded government contracts and procurements can see increased revenue and opportunities to build capacity;[16]
- **Households** of the owners and employees of these businesses, who are often part of disadvantaged groups

Because of participation goals…

- Businesses can increase revenue and build capacity.
- Households can access more job opportunities and economic stability.
- Communities can experience growth, job creation, and resilience.

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[12] USDOT, "History of the DOT DBE Program," Transportation.gov (USDOT, January 15, 2015), https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/history-dot-dbe-program.

[13] Ani Turner, "THE BUSINESS CASE for RACIAL EQUITY: A STRATEGY for GROWTH," *W.K. Kellogg Foundation* (W.K. Kellogg Foundation, Altarum, 2018), https://wkkf.issuelab.org/resources/30463/30463.pdf.

[14] Andrea Shalal, "Closing Gender Gap Could Lift Global GDP More than 20%, World Bank Says," *Reuters*, March 4, 2024, https://www.reuters.com/sustainability/society-equity/closing-gender-gap-could-lift-global-gdp-more-than-20-world-bank-says-2024-03-04/.

[15] Andrea Sordi, Wendy L. Tate, and Feigao Huang, "Going beyond Supplier Diversity to Economic Inclusion: Where Are We Now and Where Do We Go from Here?," *Journal of Purchasing and Supply Management* 28, no. 2 (March 2022): 100751, https://doi.org/10.1016/j.pursup.2022.100751.

[16] Marielle Saunders, "Pursuing Greater Diversity in Public Procurement," Carolina Digital Repository (University of North Carolina at Chapel Hill, April 19, 2022), https://cdr.lib.unc.edu/concern/masters_papers/h989rc68x, p. 9.

themselves, because they may be able to access greater job opportunities and household economic stability;[17, 18]

- **Neighborhoods,** including historically underrepresented neighborhoods, because they can experience economic growth, job creation, greater economic resilience, and protection against supply chain disruptions;[19] and
- **The agency itself,** because it may experience increased competition for its work and a larger pool of vendors, higher-quality bids, cost savings, new customers, and reduced supply chain risks.[20, 21]

As part of the 2025 Sound Transit Disparity Study, owners and representatives of small businesses who participated in the study team's qualitative data collection efforts described how Sound Transit's use of participation goals directly supported them. For example:

> *The Black woman owner of a formerly DBE-certified construction company stated, "I believe these programs are very, very, very good. They give small businesses … an opportunity to walk through a doorway that they don't know how to find."*
>
> *The Hispanic male owner of a construction company stated, "As a DBE[-certified] firm, condition of award goals, … there is no doubt that that helps. And in the biggest way, I feel like it's the general contractors [that] become more proactive in notifying us of these opportunities."*[22]

Over the study period, Sound Transit's use of business inclusion measures, such as participation goals to encourage the participation of small and diverse businesses in its work, made important contributions to the communities it serves by enabling the agency to directly invest in the small and diverse businesses in the marketplace and supporting and encouraging their growth and development.

E. Summary

Sound Transit's business inclusion efforts support economic growth for small and diverse businesses.

Taken together, the results of this analysis demonstrate that Sound Transit's use of participation goals generated substantial economic activity throughout the state, region, and cities in its marketplace. The use of participation goals also helped Sound Transit expand opportunities for DBEs and SBs to build relationships, strengthen their capacities, and contribute to more resilient state, regional, and city economies. These findings indicate that Sound Transit's business inclusion efforts not only support economic growth but also unlock meaningful opportunities for small and diverse businesses and the communities in which they operate.

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[17] Evelyn Rodriguez-Plesa, "Representative Bureaucracy and Local Government Contracting: Examining Supplier Diversity Programs," *Public Administration Review* 85, no. 3 (August 16, 2024), https://doi.org/10.1111/puar.13867.

[18] Saunders, "Pursuing Greater Diversity in Public Procurement," p. 9.

[19] Ibid.

[20] Ibid, p. 8-9.

[21] Sordi et al., "Going beyond supplier diversity to economic inclusion," p.2.

[22] BBC, "2025 Sound Transit Disparity Study."

CHAPTER 3.
Hypothetical Economic Impact

In addition to examining the economic contributions associated with Sound Transit's contract and procurement awards to Washington-based DBEs and SBs using participation goals during the study period, BBC estimated the *hypothetical economic impacts* of alternative procurement scenarios or alternative implementations of Sound Transit's business inclusion programs.[23] The results of these assessments demonstrate how changes in Sound Transit's program measures and practices in the future could affect the economy of Sound Transit's RGMA, the Seattle metro Area.[24] These results also help illuminate the value that the agency's operations provided or nullified over the study period. That is, these results illustrate the extent of economic activity one would expect to be added to or removed from the economy in the future if the agency changes its contracting practices.

Over the study period, Sound Transit awarded $1.7 billion of in-scope contracts and procurements to businesses in the RGMA. BBC used IMPLAN to trace how this spending moved through various industries in the regional marketplace. In total, the $1.7 billion that Sound Transit awarded to businesses located in the RGMA generated $2.6 billion in total economic activity in the marketplace (economic multiplier of $1.53). We considered this result as the *baseline* against which we compared the simulated economic activity of different hypothetical contracting scenarios.

Across the region, Sound Transit's contracting generated

$2.6 billion

in total economic activity.

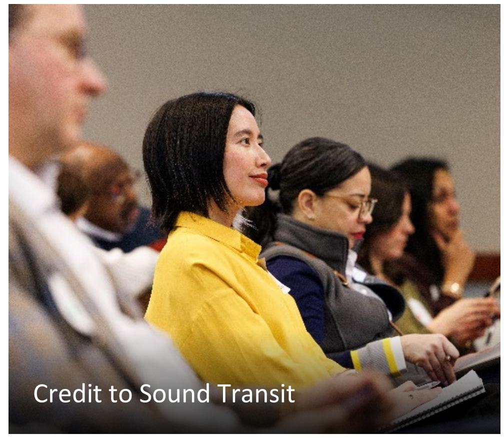
12,072 jobs supported

$1.2B in income

$1.53 multiplier

[23] For more details about BBC's data sources, methodology, and results from this assessment, see Appendix B.

[24] Because the vast majority of Sound Transit's contract and procurement awards (94.1%) occurred within the RGMA, BBC only assessed hypothetical economic impact at the regional level.



BBC used IMPLAN to examine how simulated changes in Sound Transit's procurement practices or business inclusion efforts could affect the regional economy—including the total economic activity, employment, income, and taxes—and result in a hypothetical economic impact (i.e., hypothetical change in economic activity compared to the baseline). We simulated these hypothetical changes using data on projects Sound Transit awarded during the study period as well as data on more than 81,000 comparable projects awarded by *peer transit agencies* across the country from 2014 to 2024. Peer transit agencies are other transit agencies that, similar to Sound Transit, operate transit systems in metropolitan areas in the Western United States. Based on those data, we modeled, on a prime contract-by-prime contract basis, how the share of contract dollars awarded to small businesses versus large businesses and to regional businesses versus non-regional businesses might change under alternative procurement practices or business inclusion measures.[25, 26, 27] We inputted model results into IMPLAN to calculate the economic contributions we would expect the agency to generate in four hypothetical scenarios where Sound Transit:

- Awarded a smaller share of its dollars to regional businesses (*fewer regional businesses* scenario);
- Did not use condition-of-award participation goals (*no goals* scenario);
- Awarded all projects using condition-of-award participation goals (*all goals* scenario); and
- Awarded *informal procurements* (i.e., professional services, A/E, and goods and services projects valued at less than $250,000 and construction projects valued at less than $350,000) to small businesses in line with their *availability* for that work (*availability aligned* scenario).

BBC also assessed a fifth hypothetical scenario, estimating the impact we would expect from an increase in the capacity and resources of CREI-EDD, though we did not use IMPLAN for this assessment.

BBC estimated the economic activity we expect could be generated in each hypothetical scenario and compared these results to the baseline. The difference in output between each scenario and the baseline is a measure of the hypothetical economic impact associated with each one. All the simulations we conducted assumed that Sound Transit would award the same projects for the same types of work in the future. Thus, we only varied the types of businesses (e.g., regional vs. non-regional businesses and small vs. large businesses) to which it would award these projects.

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[25] The contract data from peer transit agencies BBC used came from six disparity studies we conducted for these organizations from 2019 to 2025.

[26] BBC used IMPLAN's Local Purchasing Percentage (LPP) variable to estimate the share of spending we would expect to be retained within the regional economy based on the degree to which small versus large businesses participate in agency work. We describe our approach to using the LPP in greater detail in Appendix B.

[27] BBC's input of Sound Transit contract dollars into IMPLAN accounts for the degree to which regional versus non-regional businesses would make economic contributions to the regional marketplace.

A. Fewer Regional Businesses Scenario

Sound Transit awarded the vast majority of its contract and procurement dollars (94.1%) over the study period to businesses based in the RGMA. On average, peer transit agencies awarded approximately 82.8 percent of their contract and procurement dollars on similar projects to businesses based in their respective RGMAs over similar time periods. Although CREI-EDD did not operate location-based business inclusion measures over the study period, those results indicate that businesses in Sound Transit's RGMA have substantial opportunities to access and participate in its work.

Sound Transit awards a greater share of dollars (94.1%) to regional businesses than peer transit agencies (82.8%).

In the fewer regional businesses simulated scenario, BBC estimated Sound Transit's hypothetical economic contribution to the region if it awarded dollars to regional businesses to the same degree that peer transit agencies do (i.e., awarded a smaller proportion of its project dollars to regional businesses). BBC compared Sound Transit's project awards to regional businesses to those of peer transit agencies using a prime contract-by-prime contract matching algorithm. We inputted modeled results in IMPLAN and compared the result of this hypothetical scenario to the baseline. We found that, with fewer awards to regional businesses, Sound Transit would generate $140.6 million less in economic activity for the region than it did during the study period.

With fewer awards to regional businesses, Sound Transit would generate

$140.6 million less

economic activity in the region.

These results help illuminate the added value that awarding a large share of its contract dollars to regional businesses contributed to Sound Transit's RGMA during the study period. Because the agency spent money with regional businesses as it invested in and maintained its transit systems, it generated economic activity for businesses and employees in transit-related industries that created secondary effects throughout the economy that otherwise would not have occurred if the agency's awards to regional businesses had been proportional to those of peer transit agencies.[28] Additionally, awarding the vast majority of its dollars to regional businesses allowed the agency to provide additional support to its regional customers, stakeholders, and taxpayers that it would have otherwise forfeited. These outcomes may have been supported in part by the efforts that CREI-EDD undertook over the study period to reach out to and engage with regional businesses. Because Sound Transit works closely with regional businesses, it encouraged greater innovation, re-investment, and sustainability in the regional economy.

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[28] EBP, "Economic Impact of Public Transportation Investment," *American Public Transportation Association* (APTA, February 2026), https://www.apta.com/wp-content/uploads/2026/03/APTA-Economic-Impact-of-Public-Transportation-022026.pdf.

B. No Goals Scenario

As discussed in Chapter 2, over the study period, Sound Transit awarded a total of $154.9 million to 137 Washington-based DBEs and SBs on projects using condition-of-award participation goals. BBC compared the economic contributions of all of Sound Transit's awards—regardless of whether the agency awarded them to DBEs or SBs and regardless of whether the agency used participation goals to do so—to a simulation of its awards had it not used participation goals to award *any* projects over the study period. Thus, this scenario simulates the hypothetical economic impact of not continuing those efforts in the future. We compared the results of the no goals scenario to the baseline and found that, without participation goals, Sound Transit would generate $3.0 million less economic activity in the region than it did during the study period.

Without participation goals, Sound Transit would generate

$3.0 million less

economic activity in the region.

The no goals scenario highlights that, with or without the use of participation goals, Sound Transit would continue generating substantial economic activity in the regional economy. However, without participation goals, the dollars that Sound Transit awards would re-circulate through the regional economy to a lesser degree. These results also suggest that, during the study period, Sound Transit increased economic activity in the region and the return on investment of its contracting through CREI-EDD's efforts to set, enforce, and monitor participation goals. In addition, as discussed in Chapter 2, Sound Transit's use of participation goals generates substantial community returns on investment that are not entirely captured by economic impact modeling, such as:

- Supporting small and diverse businesses in increasing their revenues and building their capacities;
- Extending access to job opportunities and economic stability for households and families; and
- Helping local communities experience ripple economic growth, job creation, and economic resilience.

Thus, should Sound Transit stop using participation goals in the future, the agency's regional marketplace may not see a substantial decrease in total economic activity, but the agency would greatly decrease the meaningful community impacts associated with its use of those goals.

C. All Goals Scenario

Sound Transit awarded many contracts and procurements without participation goals during the study period. The agency did not consider projects with an expected value of less than $250,000 as eligible for the use of those goals. In addition, CREI-EDD determined that many procurements valued at more than $250,000 lacked sufficient subcontracting opportunities or DBE or SB availability to justify the use of condition-of-award participation goals. BBC compared the economic contributions of all Sound Transit's project awards over the study period to a simulation of project awards had CREI-EDD used participation goals to award all of them. In this scenario, we modeled goal percentages in alignment with patterns we observed in goal setting on comparable projects awarded by Sound Transit and peer transit agencies. We also assumed that prime contractors would meet the participation goals using a combination of subcontracting commitments, DBE or SB prime contractor self-performance, and documented good faith efforts at rates consistent with what we observed during the study period. We compared the results of the all goals scenario to the baseline and found that, if Sound Transit were to award all of its projects using participation goals, it would generate $9.4 million more economic activity in the region than it did during the study period.

With participation goals on every project, Sound Transit would generate

$9.4 million more

economic activity in the region.

As in the no goals scenario, most of Sound Transit's spending—and therefore most of its direct economic contributions—would remain within the region and continue circulating through the local economy. However, under the all goals scenario, a greater share of that spending would flow to small businesses, increasing the number of times those dollars recirculate locally, and, thus, generating additional economic activity. This scenario, which represents an influx of dollars to small and diverse businesses and a greater circulation of dollars regionally, could also support additional community impacts such as regional economic growth, job creation, and regional economic resilience.

However, a scenario in which every project awarded by the agency includes a participation goal would require substantial, additional CREI-EDD resources. Under this scenario, CREI-EDD would primarily focus on setting participation goals, evaluating goal commitments, and monitoring compliance. The division would likely need additional staff to continue the other business inclusion initiatives in which it currently engages and to expand business inclusion measures beyond participation goals.

In addition, the all goals scenario assumes that the Seattle Metro Area has a sufficient number of certified DBEs and SBs that are available to meet increased demand. However, as part of the 2025 Sound Transit Disparity Study, BBC identified marketplace barriers that affect the availability of small and diverse businesses. For example, we found that POCs and women are less likely to work as managers and own businesses in some of the industries relevant to Sound Transit's work.[29] Owners of small and disadvantaged businesses in the marketplace also face barriers in accessing financing, bonding, and insurance, which may reduce their availability for Sound Transit's contracts and procurements.[30] Additionally, participants in the 2025 Sound Transit Disparity Study described barriers that make it

[29] BBC, "2025 Sound Transit Disparity Study."

[30] Hal Martin, "Key Insights from the 2024 Small Business Credit Survey," Fed Communities, March 27, 2025, https://fedcommunities.org/2024-small-business-credit-survey-key-insights/.

difficult for businesses to compete for agency work, even with the use of participation goals. For example:

> *The representative of an Asian Pacific- and woman-owned construction company stated, "What we are offering doesn't always measure up to what other larger companies are offering, and it makes it harder to obtain contracts."[31]*

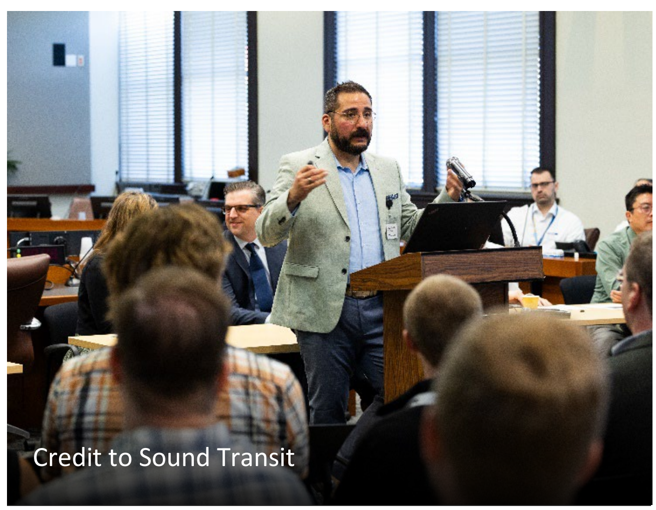
Furthermore, even when small and diverse businesses are ready, willing, and able to perform agency work, barriers to certification may impact the degree to which these businesses can participate in Sound Transit's business inclusion programs and meet the participation goals the agency sets. As part of the 2025 Sound Transit Disparity Study, some business owners described certification process barriers that may impact their ability to participate in Sound Transit's business inclusion programs. For example:

> *The Black male owner of a goods and services company stated, "I've tried signing up for [certification] twice, and we just never finished the application. It takes so long. … I understand that they [OMWBE] want to be thorough. Just as a small business, when I'm juggling all these things and I'm having to work, it's a lot."[32]*

Overall, although expanding the use of participation goals could increase regional economic activity and support additional benefits for small and diverse businesses, realizing those impacts would depend on Sound Transit making substantial investments in CREI-EDD capacity, compliance infrastructure, and efforts to address broader marketplace barriers.

D. Availability Aligned Scenario

Over the study period, Sound Transit procured professional services, A/E, and goods and services projects valued at less than $250,000 informally through a simplified purchase process. In addition, the agency procured construction projects valued at less than $350,000 through a Small Works Roster. Sound Transit contract specialists or division staff typically managed these informal procurements, and CREI-EDD did not review them to set participation goals. Although the agency encouraged staff to solicit informal bids from DBEs and SBs, this guidance lacked accountability measures. Results from the 2025 Sound Transit Disparity Study indicated that Sound Transit substantially underutilized small businesses in informal procurements relative to their availability for that work, despite these projects generally being appropriately sized for them. Over the study period, Sound Transit awarded 76.8 percent of its informal



Credit to Sound Transit

[31] BBC, "2025 Sound Transit Disparity Study."

[32] Ibid.

procurement dollars to small businesses, yet BBC estimated that small businesses are available for 92.2 percent of that work.[33]

BBC estimated the economic contributions of a scenario in which the agency would award 92.2 percent of its informal procurement dollars to regional small businesses, in line with their availability for those projects. We compared the result of this hypothetical scenario to the baseline and found that, if small businesses' participation in informal procurements aligned with their availability for that work, Sound Transit would generate $944,475 more economic activity in the region than during the study period.

If small business participation in informal procurements aligned with availability, Sound Transit would generate

$944.5 thousand more

economic activity in the region.

Although Sound Transit's informal procurements represented a relatively small share of the agency's overall spending in the study period, increasing awards to small businesses would nonetheless increase the recirculation of dollars within the regional economy. In addition, such a scenario could help Sound Transit extend greater opportunities to small businesses, build relationships with new vendors, and help develop the capacity of these businesses to compete for larger, competitive procurements with the agency in the future. Over time, achieving these outcomes may not require substantial additional efforts from CREI-EDD. However, it would require an organization-wide commitment to integrating business inclusion objectives throughout the informal procurement process, along with additional training, accountability measures, and consistent implementation practices. Strengthening these efforts could improve Sound Transit's relationship with the regional business community by ensuring that a greater number of contract opportunities would be accessible to small and diverse businesses.

E. Increased CREI-EDD Capacity

BBC also examined how changes to CREI-EDD staffing levels could impact the regional economy compared to the agency's baseline economic contributions during the study period. To assess whether staffing levels were related to contracting outcomes over the study period, BBC analyzed whether a statistical relationship existed between the number of staff CREI-EDD employed each year and:

- The average percentage goal applied to projects;
- The percentage of projects with participation goals where prime contractors met the goal through subcontracting commitments or self-performance; and
- The number of unique DBEs and SBs that participated in agency projects.

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[33] Ibid.

Those analyses did not reveal any statistically significant relationships between CREI-EDD's staffing levels and the use or success of participation goals. Although we did not observe quantitative impacts of CREI-EDD staffing levels on its procurement outcomes to measure the hypothetical economic impact of changes to division resources, secondary research suggests that CREI-EDD likely generated broader community and organizational benefits over the study period that could expand with additional resources in the future. For example, increased staffing capacity could allow the agency to:

Credit to Sound Transit

- Expand business inclusion efforts beyond participation goals to include:
  - Setting aside contracts for exclusive competition among small businesses;
  - Implementing financing, technical assistance, and capacity building programs;
  - Enhancing outreach efforts; and
  - Improving compliance monitoring;
- Commit to business inclusion more consistently across additional procurement types and agency functions; and
- Improve the engagement and effectiveness of existing CREI-EDD staff.

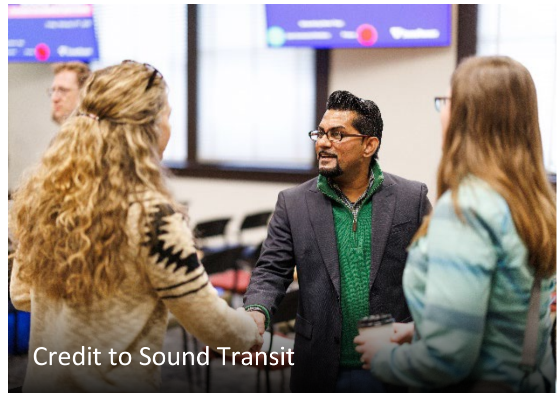
Such efforts could deepen Sound Transit's economic and community impacts by expanding opportunities for small and diverse businesses, strengthening regional business capacity, catalyzing the additional recirculation of dollars in the regional marketplace, and increasing the long-term return on the agency's procurement spending.

F. Summary

Taken together, the results of BBC's hypothetical economic impact analyses demonstrate that Sound Transit's contract and procurement spending generated substantial economic activity in the Seattle Metro Area. The fewer regional businesses and no goals scenarios demonstrate that shifting spending away from regional businesses or from small and diverse businesses would reduce the regional economic activity and community contributions that the agency generates. Results from the all goals and availability aligned scenarios demonstrate that increasing the participation of small businesses in Sound Transit's contracts and procurements can increase the economic and community contributions that Sound Transit generates, even without an increase in the dollars that the agency directly spends.

Increasing Sound Transit's business inclusion efforts can increase the economic and community contributions that the agency generates.

CHAPTER 4.
Conclusion



Sound Transit's contract and procurement activity and business inclusion programs generate substantial economic activity in state, regional, and city economies. BBC's analyses indicated that Sound Transit awards a substantial share of its contracts and procurements to businesses within its RGMA, allowing the agency's contract and procurement dollars to circulate within the region and support additional economic activity and community benefits. The extent to which Sound Transit's existing procurement practices support businesses located in its RGMA—even without the use of any program measures designed to encourage regional business participation specifically—distinguishes it from peer transit agencies. The degree to which regional businesses participate in the agency's contracts and procurements drives Sound Transit's economic contributions, and a continuation or expansion of these efforts would further strengthen its economic contributions and increase its impact in Washington, the RGMA, and local city economies.

The results of BBC's assessments also highlight that CREI-EDD's business inclusion efforts contributed to the agency's broader economic and community impacts within the Seattle Metro Area. Our results also suggest that an increase in the use of participation goals could result in increased economic activity in the agency's marketplace and in greater community impact for small and diverse businesses.

BBC's analyses demonstrate that the businesses *with which* Sound Transit spends its contract and procurement dollars influence the economic and community impact it generates in addition to *how much* it spends. Sound Transit's economic impact could be increased if a greater share of the agency's spending reaches smaller businesses, including Emerging and Rising Small Businesses. As a result, Sound Transit could increase the return on investment of its project spending in the future without increasing overall expenditures. Such efforts align with Sound Transit's commitment to serving and reflecting the communities that fund, govern, and rely on the agency, including taxpayers, governing board members, and current and future transit users.

The businesses with which Sound Transit spends its contract and procurement dollars influence the economic and community impact it generates, in addition to how much it spends.

APPENDIX A.
Definitions of Terms

Appendix A defines terms useful to understanding the 2026 Sound Transit Economic Impact Study report.

Architecture and Engineering (A/E)

A/E refers to professional, scientific, or technical services that require a high degree of expertise and training to support, plan, and ensure the safety of horizontal and vertical construction. Examples of A/E include architectural, engineering, and specialized design services; building inspection services; testing services; surveying and mapping services; environmental consulting services; and transportation planning services.

Availability

An estimate, reported as a percentage of dollars, of the degree to which businesses within a specific geography are *ready, willing, and able* to perform contracts and procurements that an organization awards. BBC Research & Consulting conducted an availability analysis for Sound Transit as part of the 2025 Sound Transit Disparity Study, as part of which we estimated the degree to which businesses located in King, Pierce, and Snohomish counties of Washington are ready, willing, and able to compete for and perform work on the contracts and procurements Sound Transit awards.

Business

A business is a for-profit enterprise, including sole proprietorships, corporations, professional corporations, limited liability companies, limited partnerships, limited liability partnerships, and other business structures. The definition includes the headquarters of the organization as well as all its other locations, as applicable.

Construction

Construction refers to the construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property, including bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, channels, and other structures.

Contract

A contract is a legally binding relationship between the seller of goods or services and a buyer. The study team sometimes uses the term *contract* interchangeably with *procurement* or *project*.

Contract Element

A contract element is either a prime contract or a subcontract.

Direct Economic Activity

Direct economic activity includes the direct spending within a region attributable to a given organization or industry. In this study, Sound Transit's direct award of dollars to prime contractors and the direct awards prime contractors made to subcontractors in the construction, architecture and engineering, professional services, and goods and services industries represent the direct economic activity the agency generated.

Disadvantaged Business Enterprise (DBE)

A DBE is a business that is owned and controlled by one or more individuals who are socially and economically disadvantaged according to the guidelines in 49 Code of Federal Regulations Part 26. The United States Department of Transportation defines a business as socially disadvantaged as part of the Federal DBE Program if the owner is able to demonstrate that they have experienced specific instances of economic hardship and systemic barriers and have been denied opportunities that have impeded their progress or success in education employment, or business success.

A determination of economic disadvantage includes assessing businesses' gross revenues (maximum revenue limits ranging from $7 million to $31.84 million depending on work type) and business owners' personal net worth (maximum of $2.047 million excluding equity in a home, leased cars, and in the business). A business must be certified as a DBE to participate in the Federal DBE Program.

Disparity Study

A disparity study is an analysis that examines whether select business groups—including small businesses and businesses owned by women, people of color, or other historically disadvantaged groups—face barriers in accessing an organization's contract and procurement opportunities. A disparity study includes a disparity analysis, which compares the availability of a particular business group for an organization's work with its actual participation in the organization's contracts and procurements. BBC conducted a disparity study for Sound Transit in 2025. Data from the disparity study—including Sound Transit's project data and information from our analyses of that data—served as the foundation for the 2026 Sound Transit Economic Impact Study.

Diverse Business

BBC refers to businesses owned by individuals of diverse backgrounds—including socially disadvantaged individuals; people of color; women; veterans; and people who identify as lesbian, gay, bisexual, transgender, or queer—as diverse businesses.

Economic Impact

Economic impact refers to the net change in economic activity associated with changes to an industry or policy in a particular economy.[34] For example, if Sound Transit makes a change to its contract and procurement practices, it may generate an economic impact because it may change how money moves through the economy. In this report, BBC measured the *hypothetical* economic impact of various simulated, hypothetical changes to Sound Transit's contract and procurement practices.

Economic Output

Economic output, or *total economic activity*, refers to the sum of direct economic activity and secondary economic activity attributed to an expenditure or set of expenditures in an economy of focus. The Impact Analysis for Planning (IMPLAN) model calculates total economic activity as a combination of the labor income, property income, taxes on production and imports, and intermediate inputs generated by production in all industries affected by Sound Transit's contract and procurement spending.

Emerging Small Business

An Emerging Small Business is a business with an average annual revenue of less than $3 million. For analyses, we considered Emerging Small Businesses to be a subset of certified Small Businesses (SBs).

Federal Disadvantaged Business Enterprise (DBE) Program

The Federal DBE Program is a program of the United States Department of Transportation (USDOT) established after the enactment of the Transportation Equity Act for the 21st Century, as amended in 1998. It is designed to increase the participation of socially and economically disadvantaged businesses in USDOT-funded work. Regulations for the Federal DBE Program are set forth in 49 Code of Federal Regulations Part 26.

Firm

See *business*.

Goods and Services

A goods and services business engages in providing goods, supplies, or services that typically do not require a specific educational background, license, or high degree of expertise and training to perform. Examples of goods and services industries include cleaning and janitorial services and supplies; office equipment and supplies; printing, copying, and mailing services; safety equipment; security systems; security guard services; uniforms and apparel; automobiles; and vehicle repair services.

Impact Analysis for Planning (IMPLAN)

IMPLAN is an economic database and input–output modeling system that traces how spending moves through interconnected industries in a regional economy. BBC used IMPLAN to estimate secondary and total economic activity and hypothetical economic impact.

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[34] Philip Watson et al., "Determining Economic Contributions and Impacts: What Is the Difference and Why Do We Care?," *The Journal of Regional Analysis & Policy: Pedagogy in Regional Studies* 37, no. 2 (2007): 140–46, https://jrap.scholasticahq.com/issue/1453-vol-37-issue-2-2007.

Indirect Economic Activity

Indirect economic activity results from economic activity generated in the economic area of interest by business-to-business purchases stemming from Sound Transit's initial spending with prime contractors and subcontractors.[35] It captures business spending with suppliers to maintain business operations. Indirect economic activity, along with induced economic activity, are the components that make up secondary economic activity.

Induced Economic Activity

Induced economic activity results from economic activity generated in the economic area of interest by the spending of employees in jobs affected either directly or indirectly by Sound Transit's contract and procurement spending (i.e., household consumption). Induced economic activity, along with indirect economic activity, are the components that make up secondary economic activity.

Industry

An industry is a broad classification for businesses providing related goods or services (e.g., *construction* or *professional services*).

Local Purchase Percentage (LPP)

The LPP is a variable in the Impact Analysis for Planning (IMPLAN) model that provides an estimate of the proportion of spending that one would expect to be sourced from suppliers within the economic area of interest based on prior research.[36] BBC adjusted the LPP with every dataset we inputted to IMPLAN to estimate the share of spending retained within the economic area of interest when Sound Transit awarded dollars to small businesses versus large businesses.

Multiplier

A multiplier is a measure of the rate of change that describes how direct economic activity generates additional economic activity in the overall economy (e.g., for every dollar spent in the economy, an additional $0.25 of economic activity is generated locally, indicating a multiplier of 1.25).[37]

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[35] Joe Demski, "Understanding IMPLAN: Direct, Indirect, and Induced Effects," blog.implan.com, June 18, 2020, https://blog.implan.com/understanding-implan-effects.

[36] Candi Clouse, "Setting a Local Purchase Percentage (LPP)," IMPLAN - Support, September 3, 2019, https://support.implan.com/hc/en-us/articles/360035289433-Setting-a-Local-Purchase-Percentage-LPP.

[37] Demski, Joe. "Understanding IMPLAN: Multipliers." IMPLAN, April 18, 2025. https://blog.implan.com/understanding-implan-multipliers.

Participation Goals

Participation goals are a business inclusion measure whereby organizations set percentage goals for the participation of certified small or diverse businesses in individual contracts or procurements they award. As a condition of award, prime contractors have to meet participation goals as part of their bids, quotes, or proposals. Certified small and diverse businesses that perform work as prime contractors can meet the contract goal by self-performing the necessary percentage of the project to meet the goal. Businesses that cannot meet the goal themselves can instead meet it by making participation commitments with eligible, certified small and diverse businesses or, if they fail to do so, by demonstrating they made genuine and sufficient good faith efforts to do so.

Prime Contract

A prime contract is a contract between a prime contractor or prime consultant and an end user, such as Sound Transit.

Prime Contractor

A prime contractor is a business that performs prime contracts directly for an end user, such as Sound Transit.

Procurement

See *contract* or *project*.

Professional Services

Professional services refer to the professional, scientific, or technical services that require a high degree of expertise and training. Frequently—but not always—individuals who perform professional services are required to have a license or specific educational background. Examples of professional services include legal advice and representation; accounting, bookkeeping, and payroll services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

Project

A project refers to a construction, architecture and engineering, professional services, and goods and services endeavor that an organization bids out. A project could include one or more prime contracts and corresponding subcontracts. The study team sometimes uses the term project interchangeably with *contract* or *procurement*.

Other Small Business

Other Small Businesses are businesses with annual revenues greater than $10 million and less than the size standards for small businesses established by the United States Small Business Administration or $31.84 million. For analyses, we considered other small businesses to be a subset of certified Small Businesses (SBs).

Relevant Geographic Market Area (RGMA)

The RGMA is the geographical area where the businesses to which agencies award most of their contracting dollars are located. As part of the 2025 Sound Transit Disparity Study, BBC determined Sound Transit's RGMA to be King, Pierce, and Snohomish counties in Washington.[38] In the 2026 Sound Transit Economic Impact Study, BBC refers to the RGMA interchangeably with the *Seattle Metro Area* or *the region.*

Rising Small Business

A Rising Small Business is a business with an average annual revenue of greater than or equal to $3 million but less than $10 million. For analyses, we considered Rising Small Businesses to be a subset of certified Small Businesses (SBs).

Secondary Economic Activity

Secondary economic activity results from subsequent transactions involving funds from direct spending, capturing ripple effects of money throughout a regional economy. It is a measure that combines both indirect and induced economic activity resulting from business-to-business transactions and household consumption.

Small Business

A small business is a business whose annual revenues do not exceed the small business revenue requirements established by the United States Small Business Administration (SBA), or $31.84 million. For the purposes of our analysis, BBC identified three tiers of small businesses in alignment with designations created by the Washington State Office of Minority and Women's Business Enterprises: Emerging Small Businesses, Rising Small Businesses, and Other Small Businesses.

Small Business (SB; certified)

SBs are businesses that are certified with King County or the Washington State Office of Minority and Women's Business Enterprises (OMWBE), and, as such, are eligible to participate in Sound Transit's SB Goals Program. Sound Transit recognizes any business with the following certifications as an SB:

- The business is certified by OMWBE as a Disadvantaged Business Enterprise, Small Business Enterprise, Minority Business Enterprise, Women's Business Enterprise, Minority Women's Business Enterprise, Combination Business Enterprise, LGBTQ Business Enterprise, Public Works Small Business Enterprise, or Socially and Economically Disadvantaged Business Enterprise; or
- The business is certified by King County's Small Contractors and Supplier (SCS) Program as an SCS.

As a condition for certification in any of the above categories, a business must demonstrate to the certifying agency that it meets the United States Small Business Administration's standards for defining a small business in their line of work or has an annual revenue averaged over three years of less than $31.84 million.

[38] BBC Research & Consulting, "2025 Sound Transit Disparity Study," March 2026.

Small Business (SB) Goals Program

Sound Transit operates an SB Goals Program as a race- and gender-neutral business inclusion program designed to encourage the participation of small businesses in its non United States Department of Transportation (USDOT)-funded contracts and procurements. Over the study period, Sound Transit staff from the Office of Civil Rights, Equity and Inclusion Economic Development Division evaluated non USDOT-funded projects with an estimated value greater than $250,000 to consider applying an SB participation goal. If a project included an SB participation goal, as a condition of award, prime contractors had to meet participation goals as part of their bids, quotes, or proposals. Certified SBs that perform work as prime contractors can meet the contract goal by self-performing the necessary percentage of the project to meet the goal. Businesses that cannot meet the goal themselves can instead meet it by making participation commitments with eligible SBs or, if they fail to do so, by demonstrating they made genuine and sufficient good faith efforts to do so.

Study Period

The study period is the time period on which the study team focused our analyses of Sound Transit's award of contracts and procurements. The study period for the 2026 Sound Transit Economic Impact Study was January 1, 2020, to December 31, 2024, which is the same study period of the 2025 Sound Transit Disparity Study.[39]

Subcontract

A subcontract is a contract between a prime contractor or prime consultant and another business selling goods or services to the prime contractor or prime consultant as part of a larger project.

Subcontractor

A subcontractor is a business that performs services for prime contractors or prime consultants as part of larger contracts or projects.

Subindustry

A subindustry is a specific classification for businesses providing related goods or services within a particular industry (e.g., *highway and street construction* is a subindustry of *construction*).

Total Economic Activity

See *economic output*.

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[39] Ibid.

APPENDIX B.
Methodology and Results

BBC Research & Consulting (BBC) presents additional details regarding the data sources and results from the economic contributions and hypothetical economic impact assessments we conducted as part of the 2026 Sound Transit Economic Impact Study.

A. Data Sources

BBC relied on the following data sources to conduct the 2026 Sound Transit Economic Impact Study.

1. Sound Transit contract and procurement data. BBC relied on complete contract and procurement data provided by Sound Transit as part of the 2025 Sound Transit Disparity Study to conduct our assessments. As part of the disparity study, we assessed all contract and procurement awards the agency made from January 1, 2020, through December 31, 2024 (the study period) in the areas of construction, architecture and engineering (A/E), professional services, and goods and services using a combination of state and local funds and funds from the United States Department of Transportation's (USDOT's) Federal Transit Authority (FTA).[40]

For the 2026 Sound Transit Economic Impact Study, BBC focused our analyses on the same projects we considered in scope for the disparity study to measure the economic activity associated with those awards. The dollars associated with those contracts and procurements, or subsets of them, served as inputs for measuring economic activity resulting from them (i.e., the agency's economic contributions) in the state, regional, and city economies as part of the economic contributions and hypothetical economic impact assessments we conducted.

2. Impact Analysis for Planning (IMPLAN) data. For each analysis, BBC used data from IMPLAN, an economic database and input–output modeling system that traces how spending moves through interconnected industries in an economy, to calculate secondary and total economic activity in different geographical areas related to Sound Transit contracts and procurements. IMPLAN uses data from a variety of government agencies—including the United States Bureau of Economic Analysis, the United States Department of Agriculture, the United States Bureau of Labor Statistics, and the United States Census Bureau—to measure economic activity at the state, regional, county, and city levels throughout the country.[41] We purchased data from IMPLAN for the entire state of Washington to measure the degree to which Sound Transit's contract and procurement dollars moved through different economic regions within the state.

To accurately estimate the share of spending retained within the state, regional, county, and city economies as a result of Sound Transit's contracts and procurements, BBC applied the *local multiplier theory* to our analyses. The local multiplier theory posits, in part, that dollars spent with local small, independent businesses bring additional economic benefits to a region compared to when those same

[40] BBC Research & Consulting, "2025 Sound Transit Disparity Study," March 2026.

[41] IMPLAN, "Understanding IMPLAN Data Sources: Download a Report," IMPLAN, October 16, 2019, https://implan.com/data-sources/#toggle-id-5.

dollars are spent with non-local, large, chain businesses.[42] Dollars spent with a local small business are more likely to recirculate within a local economy—and thus, generate additional economic activity—because small businesses use larger proportions of the money they earn to pay employees, purchase materials, and maintain their operations to sustain their businesses. In contrast, large businesses direct greater proportions of the dollars spent with them to operations that may not be local to the geographical area where their work occurs and into activities that generate less recirculation, such as savings, investments, or payments to executives and shareholders. Executives and shareholders of large businesses, in turn, often direct a greater share of their dollars into personal savings or investments outside of the local economy, as opposed to spending those dollars to support themselves and their households locally.

To account for the local multiplier theory in our analyses, BBC relied on IMPLAN's Local Purchasing Percentage (LPP) variable, which provides an estimate based on prior research of the proportion of spending that one would expect to be sourced from suppliers within the region.[43] We defined a small business as a business with an average annual revenue of less than $31.84 million. We defined all other businesses as large businesses.[44] We used research conducted by Civic Economics, an economic analysis firm, as part of its Indie Impact series to determine an LPP for small businesses and an LPP for large businesses.[45] Civic Economics estimated that different proportions of monetary change occur within a geographical area of interest based on the sizes and types of businesses to which money is directed. For retail businesses, 52.9 percent of spending with independent retailers remains within the geographical areas where they operate compared to13.6 percent of spending with chain retailers. For restaurants, 64.1 percent of spending with independent restaurants remains within the geographical areas where they operate compared to 30.4 percent of spending with chain restaurants.

Because Sound Transit principally awarded contracts and procurements in industries that have unquantifiable similarities and differences to the retail and restaurant industries on which Civic Economics based its estimates, BBC used independent businesses as a proxy for small businesses and chain businesses as a proxy for large businesses. We used the simple average between these percentages for retailers and restaurants as a proxy for the industries that Sound Transit procures to establish an LPP of 58.5 percent for small businesses and 22.0 percent for large businesses.[46] We adjusted the LPP with every analysis we input into IMPLAN to estimate the share of spending retained within the state, regional, county, and city economies when Sound Transit awarded dollars to small businesses versus large businesses.

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[42] Jen Risley, "The Local Multiplier Effect," American Independent Business Alliance (AMIBA, November 5, 2022), https://amiba.net/local-multiplier/.

[43] Candi Clouse, "Setting a Local Purchase Percentage (LPP)," IMPLAN - Support, September 3, 2019, https://support.implan.com/hc/en-us/articles/360035289433-Setting-a-Local-Purchase-Percentage-LPP.

[44] BBC aligned our definition of a *small business* with certification standards for small businesses used by Sound Transit in its business inclusion programs and used by the Washington State Office of Minority and Women's Business Enterprises to certify businesses as small businesses as of March 2026.

[45] BBC and Civic Economics use different definitions of small businesses and local geographical areas. We assumed that our definitions were sufficiently comparable to allow us to use Civic Economics' estimates of the share of dollars retained within a particular geographical area to use the LPP and estimate the economic contributions and hypothetical economic impact associated with Sound Transit's projects.

[46] Civic Economics, "ABA Indie Impact Study Series," Civic Economics, 2025, https://www.civiceconomics.com/indie-impact.html.

3. Hypothetical contract and procurement data. As part of our hypothetical economic impact assessment, BBC simulated four hypothetical scenarios as estimates of what we expect would happen if Sound Transit were to award its projects differently in the future than it did over the study period. BBC used data from more than 81,000 contracts and procurements awarded from 2014 to 2024 by *peer transit agencies*—other transit agencies similar to Sound Transit that operate in metropolitan regions in the Western United States—to simulate each scenario. The data came from six disparity studies BBC conducted with peer transit agencies from 2019 to 2025. Using that information, we developed a prime contract-by-prime contract algorithm to simulate alternative counterfactual award scenarios that served as inputs in our hypothetical economic impact assessments.

4. Secondary research. BBC partnered with Dynamic and Innovative Research Solutions (DIRS), a Seattle-based consulting firm, as part of the 2025 Sound Transit Disparity Study and the 2026 Sound Transit Economic Impact Study to conduct secondary research. As part of the disparity study, DIRS conducted in-depth interviews and facilitated focus group discussions with business representatives and business organizations in the Seattle Metro Area and analyzed the resulting information. As part of the economic impact study, DIRS reviewed academic and professional publications and literature surrounding economic contributions assessments, local economic impact measures, supplier diversity initiatives, and the impact of the transit sector on various geographical areas. The information DIRS collected, analyzed, and reviewed supported BBC's analyses as well as provided greater context for study results. BBC cites all published sources that informed this study in Appendix C – References.

5. Office of Civil Rights, Equity and Inclusion Economic Development Division (CREI-EDD) operations data. CREI-EDD operated Sound Transit's Federal Disadvantaged Business Enterprise (DBE) Program, a small business element to the Federal DBE Program, and its Small Business (SB) Goals Program during the study period.[47, 48] CREI-EDD also made additional economic development, outreach, and technical assistance efforts to support small and diverse businesses in the region. As part of the 2026 Sound Transit Economic Impact Study, BBC evaluated the current operations of CREI-EDD and its operations during the study period to explore the quantitative and qualitative relationship between the division's staffing and operations and its economic contributions and hypothetical economic impact. We relied on documentation from CREI-EDD about the division's operations and a focus group discussion with division staff to inform our analysis plan.

B. Results

BBC presents additional results from our assessments of the economic contributions and hypothetical economic impact of Sound Transit's contract and procurement spending.

1. Economic contributions of participation goals. Over the study period, Sound Transit awarded $154.9 million to 137 Washington-based DBEs and SBs using participation goals.[49] BBC used Sound

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[47] USDOT issued an *Interim Final Rule 2025* (*IFR 2025*) on October 3, 2025, that substantially amended requirements to implement the Federal DBE Program. This study refers to Sound Transit's implementation of the Federal DBE Program as the agency operated it during the study period, but it does not account for future-looking adjustments that the agency is undertaking to its implementation of the Federal DBE Program to remain in compliance with IFR 2025.

[48] At the time of writing, the agency does not operate a federal small business goals program as its small business element to the Federal DBE Program. This study refers to the federal small business element as Sound Transit operated it from January 2020 through July 2023.

[49] The vast majority of DBEs and SBs (86.2%) to which Sound Transit awarded dollars when the agency used participation goals over the study period were based in Washington. We focused our analyses on spending associated only with Washington-based DBEs and SBs to

Transit contract and procurement data to identify these contracts and the dollars associated with each primary industry of spending to which Sound Transit directed dollars over the study period and input these data into IMPLAN to conduct the economic contributions assessments. We assessed the economic contributions of Sound Transit's use of participation goals at three levels of geographical focus:

- The *state* level, which represented the economic activity that occurred in Washington state;
- The *regional* level, which represented the economic activity that occurred within Sound Transit's *Relevant Geographic Market Area* (*RGMA*), which we defined as King, Pierce, and Snohomish counties in Washington (i.e., the Seattle Metro Area); and
- The *city* level, which represented the economic activity that occurred within each of the following cities within the Seattle Metro Area:[50]
  - Seattle;
  - Tacoma;
  - Everett;
  - Renton;
  - Auburn;
  - Redmond;
  - Lynnwood;
  - Fife; and
  - Fircrest.

Figure B-1 presents the dollars associated with each primary industry of spending in which Sound Transit spent dollars with Washington-based DBEs and SBs when it used participation goals during the study period.

Figure B-1.
Dollars awarded by Sound Transit to DBEs and SBs when it used participation goals by industry, 2020-2024

Industry	Amount
Construction	$19,753,240
A/E	$45,980,625
Professional services	$9,253,952
Goods and services	$79,887,113
Total	**$154,874,930**

Note:
Amounts rounded to the nearest whole number.

Source:
Sound Transit contract and procurement data.

a. Direct economic contributions. Direct economic contribution is a measure of the dollars that Sound Transit directly spent during the study period with prime contractors and subcontractors in the geographical areas of focus using participation goals. BBC used IMPLAN to calculate the proportion of the $154.9 million Sound Transit awarded to Washington-based DBEs and SBs that generated direct economic contributions at each geographical level. As shown in Figure B-2, Sound Transit's use of participation goals resulted in $154.9 million in direct economic contribution to the state economy and $151.0 million in direct economic contribution to the regional economy. The difference between the direct economic contribution that Sound Transit made to the state economy and the regional economy (approximately $3.9 million) represents the direct economic contribution that the agency made to other counties outside of the region through its award of dollars to Washington-based DBEs and SBs when it used participation goals over the study period. Figure B-2 presents additional details about the direct

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capture the economic contributions within the state resulting from this spending. We assumed that spending with DBEs and SBs based in other states would primarily leave the state and occur outside of Washington.

[50] Measuring economic contributions and economic impacts at the city level does not always produce the most reliable results because of varying levels of data quality available for IMPLAN for relatively small geographical areas. For more information, see https://support.implan.com/hc/en-us/articles/115009506067-Understanding-Zip-Code-Data.

economic contributions that Sound Transit made to economies within the region, including the economies of King, Pierce, and Snohomish counties and of key cities in the marketplace.

Figure B-2.
Direct economic contributions at the state, regional, county, and city levels associated with Sound Transit awards to DBEs and SBs on projects with participation goals

Geographic area	Direct economic contribution
State	**$154,874,930**
Region	**$151,000,339**
King County	$118,599,523
Pierce County	$13,620,984
Snohomish County	$18,779,833
City	**$151,000,339**
Seattle	$40,386,193
Tacoma	$8,628,973
Everett	$4,707,576
Renton	$1,477,668
Auburn	$63,483,131
Redmond	$621,304
Lynnwood	$4,576,463
Fife	$240,333
Fircrest	$0
Other cities in the region	$26,878,698

Note:
Amounts rounded to the nearest whole number.

Source:
BBC and IMPLAN.

b. Secondary economic contributions. In addition to direct economic contributions, IMPLAN estimates *secondary economic contributions*, which result from subsequent transactions spurred by direct economic contributions. Secondary economic contributions measure the ripple effects of initial spending as dollars circulate throughout the geographical areas of interest. It accounts for *indirect economic activity* associated with business-to-business transactions and *induced economic activity* that results from household consumption.

BBC used IMPLAN to calculate the secondary economic contributions associated with Sound Transit's use of participation goals to award dollars to Washington-based DBEs and SBs over the study period. As shown in Figure B-3, the agency's use of participation goals resulted in $127.0 million in secondary economic contribution to the state economy and $112.9 million in secondary economic contribution to the regional economy. The difference between the secondary economic contribution that Sound Transit made to the state economy and the regional economy (approximately $14.1 million) represents the secondary economic contribution that the agency made to other counties outside of the region through its award of dollars to Washington-based DBEs and SBs when it used participation goals over the study period. Figure B-3 presents additional details about the secondary economic contributions that Sound Transit made to economies within the region, including the economies of King, Pierce, and Snohomish counties and of key cities in the marketplace.

Figure B-3.
Secondary economic contributions at the state, regional, county, and city levels associated with Sound Transit awards to DBEs and SBs on projects with participation goals

Geographic area	Secondary economic contribution
State	**$127,014,079**
Region	**$112,915,216**
King County	$75,466,535
Pierce County	$15,661,649
Snohomish County	$18,505,525
City	**$112,915,216**
Seattle	$25,172,826
Tacoma	$4,043,905
Everett	$2,310,813
Renton	$1,551,491
Auburn	$9,887,057
Redmond	$1,701,482
Lynnwood	$2,020,844
Fife	$296,247
Fircrest	$80,422
Other cities in the region	$65,850,129

Notes:

Amounts rounded to the nearest whole number.

The secondary economic contributions reported in King, Pierce, and Snohomish counties do not sum to the economic contributions reported for the region due to differences in IMPLAN modeling for each county and for the region as a whole.

BBC and IMPLAN used one economic model to calculate secondary economic contributions at the state, region, and county levels and another to calculate secondary economic contribution at the city level. Results for secondary economic contributions to *other cities in the region* may not sum to exactly $65.9 million due to this difference in modeling.

Source:

BBC and IMPLAN.

c. Total economic activity. BBC reports the *total economic activity,* a combination of direct and secondary economic contributions, that resulted from Sound Transit's awards to Washington-based DBEs and SBs when it used participation goals during the study period. Total economic activity is a measure that combines key metrics of direct and secondary economic contributions, including:

- **Output,** or ***total economic activity***, which is the value of produced goods and services in all affected economic sectors, including both direct and secondary economic contributions;
- **Employment**, or **jobs**, which is the number of full-time and part-time jobs—including jobs for individuals who are self-employed—supported by Sound Transit's direct and secondary economic contributions;
- **Income**, which includes **wages** paid to workers and **proprietor income** for business owners associated with direct and secondary economic contributions; and
- **Taxes**, which include all types of federal, state, county, and city taxes generated by direct and indirect economic contributions, including sales and property taxes.[51]

i. State, region, and county results. Figure B-4 presents Sound Transit's economic contributions to the state, region, and counties in its marketplace as a result of its award of dollars to Washington-based DBEs and SBs when it used participation goals over the study period. As shown in Figure B-4, Sound Transit's awards to those businesses on those projects generated:

[51] The calculation of total taxes generated by IMPLAN includes a sum of all tax revenue generated by economic activity that occurs within the geography of focus, including tax revenue that leaves the geographical areas of interest (e.g., federal taxes). Output, or total economic activity, includes the dollars generated through taxes on production and imports (TOPI) and other property income. IMPLAN combines the dollars generated through TOPI, other property income, and other taxes to create a separate measure of total taxes. In addition to reporting total TOPI, BBC reports Sales TOPI and Other TOPI generated at the state, regional, county, and local levels.

- $281.9 million in total economic activity in the state;
- $263.9 million in total economic activity in the region;
- $194.1 million in total economic activity in King County;
- $29.3 million in total economic activity in Pierce County; and
- $37.3 million in total economic activity in Snohomish County.

Figure B-4.
Economic contributions of participation goals to the state, region, and counties associated with Sound Transit awards to DBEs and SBs on projects with participation goals

Economic contribution	State	Region	King County	Pierce County	Snohomish County
Total economic activity	**$281,889,009**	**$263,915,555**	**$194,066,058**	**$29,282,633**	**$37,285,357**
Labor income	$140,491,826	$135,039,046	$110,966,526	$10,771,995	$12,451,962
Other property income	$37,896,624	$34,163,257	$20,901,614	$5,409,954	$7,536,144
TOPI	$11,457,341	$10,447,560	$7,212,443	$1,374,469	$1,583,358
Sales TOPI	$6,682,652	$6,075,046	$4,180,609	$788,967	$947,026
Other TOPI	$4,774,689	$4,372,513	$3,031,834	$585,502	$636,331
Intermediate inputs	$92,043,218	$84,265,692	$54,985,475	$11,726,214	$15,713,894
Jobs	**1,639**	**1,561**	**1,236**	**128**	**169**
Total taxes	**$42,426,856**	**$40,068,212**	**$29,550,311**	**$3,781,640**	**$4,514,844**

Notes: All results are rounded to the nearest whole number.
The total economic activity reported for King, Pierce, and Snohomish counties will not sum to the total economic activity reported for the region due to differences in IMPLAN modeling for these individual assessments.

Source: BBC and IMPLAN.

ii. City results. BBC also measured the economic contributions to city economies associated with Sound Transit's use of participation goals to award dollars to Washington-based DBEs and SBs during the study period. As shown in Figure B-5, Sound Transit's awards to those businesses on those projects generated:

- $65.6 million in total economic activity in Seattle;
- $12.7 million in total economic activity in Tacoma;
- $7.0 million in total economic activity in Everett;
- $3.0 million in total economic activity in Renton;
- $73.4 million in total economic activity in Auburn;
- $2.3 million in total economic activity in Redmond;
- $6.6 million in total economic activity in Lynnwood;
- $536,580 in total economic activity in Fife; and
- $80,422 in total economic activity in Fircrest.

Figure B-5.
Economic contributions to key cities in the RGMA associated with Sound Transit awards to DBEs and SBs on projects with participation goals

Economic contribution	City								
	Seattle	Tacoma	Everett	Renton	Auburn	Redmond	Lynnwood	Fife	Fircrest
Total economic activity	**$65,559,019**	**$12,672,878**	**$7,018,389**	**$3,029,159**	**$73,370,188**	**$2,322,786**	**$6,597,307**	**$536,580**	**$80,422**
Labor income	$32,138,321	$5,239,878	$2,611,411	$1,309,795	$56,087,766	$939,170	$1,298,772	$187,122	$14,905
Other property income	$12,443,845	$1,820,536	$972,390	$493,334	-$3,910,437	$623,391	$1,616,635	$93,166	$37,899
TOPI	$1,755,406	$471,307	$317,860	$122,451	$2,759,877	$83,390	$141,009	$30,892	$6,981
Sales TOPI	$1,016,102	$269,858	$190,479	$70,108	$1,611,570	$48,318	$84,159	$17,850	$4,000
Other TOPI	$739,305	$201,449	$127,381	$52,343	$1,148,307	$35,072	$56,850	$13,043	$2,981
Intermediate inputs	$19,221,446	$5,141,157	$3,116,728	$1,103,580	$18,432,983	$676,835	$3,540,891	$225,399	$20,637
Total jobs	**232**	**55**	**50**	**10**	**785**	**7**	**12**	**2**	**0**
Total taxes	**$7,349,689**	**$1,358,870**	**$700,044**	**$326,314**	**$10,953,219**	**$211,503**	**$441,893**	**$66,150**	**$10,761**

Notes: All results are rounded to the nearest whole number.

Negative TOPI results indicate that the industries represented in this locality operated at a loss. Other property income and TOPI results are not included in calculations of indirect or induced effects and are treated as leakage to other geographical areas in the IMPLAN model.[52, 53]

Source: BBC and IMPLAN.

[52] Data Team, "Understanding Other Property Income (OPI)," IMPLAN Support (IMPLAN, January 23, 2019), https://support.implan.com/hc/en-us/articles/360016072114-Understanding-Other-Property-Income-OPI.

[53] "Negative Value Added," IMPLAN Support (IMPLAN, April 28, 2015), https://support.implan.com/hc/en-us/community/posts/115008290268-negative-value-added.

iii. Multipliers. BBC used the results from IMPLAN to calculate *multipliers* that quantify the degree to which a given expenditure or set of expenditures in a particular economy generated activity in that economy (e.g., for every dollar spent in the economy, a resulting additional $0.25 of economic activity would indicate a multiplier of $1.25).[54] The multiplier represents a measure of *return on investment,* as it demonstrates how much additional economic activity is returned or retained in a particular economy as a result of the initial expenditure or set of expenditures. The values of the multipliers represent ratios between the expenditures of interest (i.e., direct economic activity) and the resulting economic activity (i.e., total economic activity) that we observed at each level of geographical focus. Figure B-6 presents the multipliers associated with Sound Transit's awards to Washington-based DBEs and SBs on projects with participation goals during the study period at each level of geographical focus.

Figure B-6.
Multipliers associated with Sound Transit awards to DBEs and SBs on projects with participation goals at the state, regional, and local levels

Geographic area	Direct economic activity	Total economic activity	Multiplier
State	**$154,874,930**	**$281,889,009**	**$1.82**
Region	**$151,000,339**	**$263,915,555**	**$1.75**
King County	$118,599,523	$194,066,058	$1.64
Pierce County	$13,620,984	$29,282,633	$2.15
Snohomish County	$18,779,833	$37,285,357	$1.99
City			
Seattle	$40,386,193	$65,559,019	$1.62
Tacoma	$8,628,973	$12,672,878	$1.47
Everett	$4,707,576	$7,018,389	$1.49
Renton	$1,477,668	$3,029,159	$2.05
Auburn	$63,483,131	$73,370,188	$1.16
Redmond	$621,304	$2,322,786	$3.74
Lynnwood	$4,576,463	$6,597,307	$1.44
Fife	$240,333	$536,580	$2.23
Fircrest	$0	$80,422	-

Notes:

Amounts rounded to the nearest whole number.

The secondary economic contributions reported in King, Pierce, and Snohomish counties do not sum to the economic contributions reported for the region due to differences in IMPLAN modeling for each county and for the region as a whole.

Source:

BBC and IMPLAN.

iv. Economic activity by subindustry. IMPLAN also reports the total economic activity associated with Sound Transit's use of participation goals over the study period by subindustry. BBC reports the total economic activity generated by subindustries by the agency's awards to DBEs and SBs when it used participation goals over the study period within the state and region. As shown in Figure B-7a, Sound Transit's spending with Washington-based DBEs and SBs produced the greatest total economic activity at the state level in the following subindustries:

- $65.6 million in the investigation and security services subindustry;
- $32.7 million of economic activity in the A/E services subindustry;[55]
- $15.3 million in the environmental and other technical consulting services subindustry;

[54] Joe Demski, "Understanding IMPLAN: Multipliers in Input-Output Analysis," IMPLAN, 2024, https://blog.implan.com/understanding-implan-multipliers.

[55] The A/E services subindustry is a subset of the A/E industry.

- $13.0 million in the non-residential building maintenance and repair subindustry; and
- $13.0 million in the housing subindustry.[56]

As shown in Figure B-7b, Sound Transit's spending with Washington-based DBEs and SBs produced the most total economic activity in the region in the following subindustries:

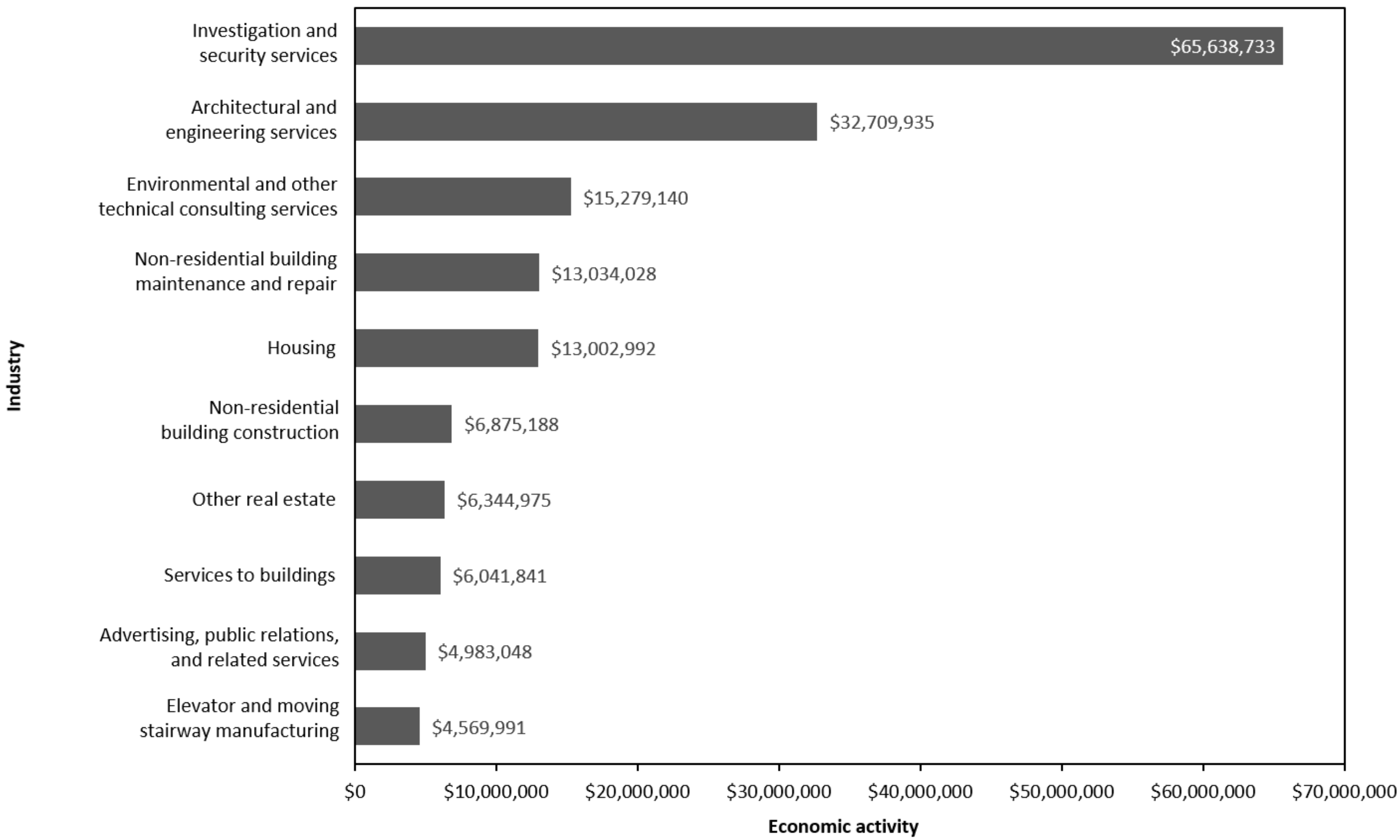
- $65.6 million in the investigation and security services subindustry;
- $30.7 million in the A/E services subindustry;
- $15.0 million in the environmental and other technical consulting services subindustry;
- $13.0 million in the non-residential building maintenance and repair subindustry; and
- $12.0 million in the housing subindustry.

The most impacted subindustry at the state and regional levels was the investigation and security services subindustry (state: $65.6 million; region: $65.6 million). The economic activity that occurred in this subindustry resulted primarily from the direct economic activity associated with one large security services contract that Sound Transit awarded to a DBE using participation goals during the study period.

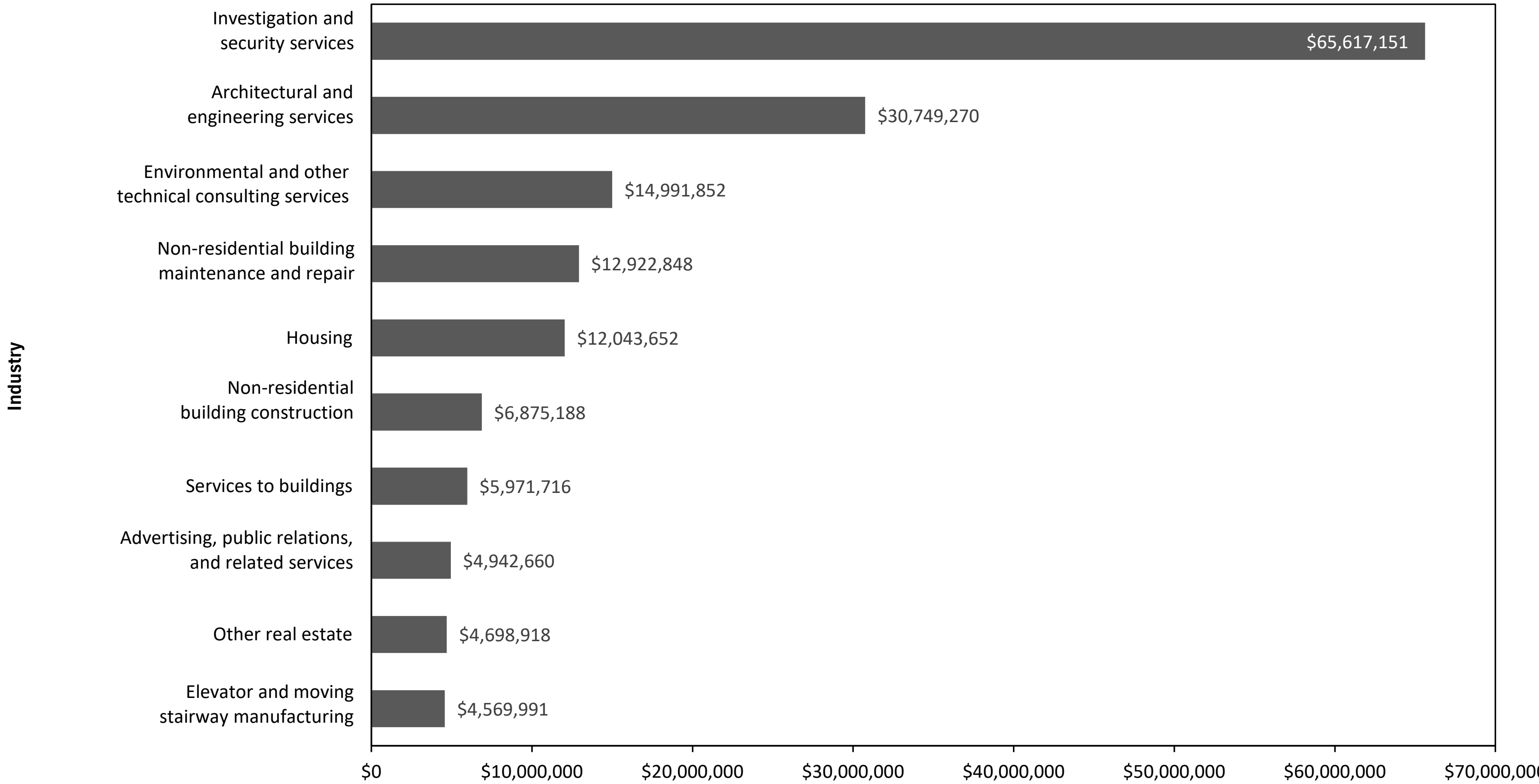
[56] Results for the housing subindustry combine "owner-occupied housing" and "tenant-occupied housing" subindustry results from IMPLAN.

Figure B-7.
Economic activity by subindustry associated with Sound Transit awards to DBEs and SBs on projects with participation goals

a. State



b. Region



Notes: All dollar results are rounded to the nearest whole number.
BBC combined IMPLAN outputs for "owner-occupied housing" and "tenant-occupied housing" to report total economic activity for a single industry, "housing."

Source: BBC and IMPLAN.

2. Hypothetical economic impact. BBC assessed the regional economic contributions associated with Sound Transit's total contract and procurement spending over the study period (*baseline scenario*) and estimated the hypothetical economic impact of alternative procurement scenarios or alternative implementations of Sound Transit's business inclusion programs (*hypothetical scenarios*). Because the vast majority of Sound Transit's contract and procurement awards (94.1%) occurred within the RGMA, BBC only assessed hypothetical economic impact at the regional level.

a. Baseline. BBC first calculated the economic contributions on the regional marketplace associated with all of Sound Transit's in-scope contract and procurement spending during the study period.

i. Input. Over the study period, Sound Transit awarded $1.7 billion to businesses located in the RGMA. BBC calculated the direct economic contribution that resulted from this spending, and we input the results of this calculation to IMPLAN to calculate the total economic activity that occurred as a result. Figure B-8 presents the direct economic activity of Sound Transit's spending with RGMA-based businesses in its four primary contracting industries during the study period.

Figure B-8.
Dollars awarded to RGMA-based businesses by industry, 2020-2024

Note:
Dollars rounded to the nearest whole number.

Source:
Sound Transit contract and procurement data.

Industry	Amount
Construction	$616,548,687
A/E	$664,439,080
Professional services	$89,888,661
Goods and services	$305,067,971
Total	**$1,675,944,399**

ii. Output. BBC assessed the economic contributions to the regional marketplace associated with Sound Transit's contract and procurement spending with businesses located in the RGMA during the study period, which are presented in Figure B-9. We used these results as the baseline to compare against four hypothetical scenarios to assess hypothetical economic impact. As shown in Figure B-9, Sound Transit's spending with RGMA-based businesses during the study period generated $2.6 billion in total economic activity in the region.

Figure B-9.
Baseline economic contributions to the regional economy

Notes:
All results are rounded to the nearest whole number.
These results are repeated in column (a) of Figure B-11.

Source:
BBC and IMPLAN.

Economic contribution	Region
Total economic activity	**$2,584,982,577**
Labor income	$1,230,647,396
Other property income	$407,068,822
TOPI	$86,251,473
Sales TOPI	$49,930,418
Other TOPI	$36,321,055
Intermediate inputs	$861,014,886
Jobs	**12,072**
Total taxes	**$355,930,031**

b. Hypothetical scenarios. BBC examined how simulated changes in Sound Transit's procurement practices and business inclusion program measures could affect the regional economy and result in *hypothetical economic impact*, or change in total economic activity, from the baseline. We simulated hypothetical scenarios using data on more than 81,000 comparable projects awarded by peer transit agencies from 2014 to 2024. Based on those data, we modeled, on a prime contract-by-prime contract basis, how the share of contract dollars awarded to small businesses versus large businesses and to regional businesses versus non-regional businesses might change using alternative procurement practices or business inclusion measures.[57, 58, 59] We inputted model results into IMPLAN to calculate the economic contributions we would expect the agency to generate in each hypothetical scenario. The difference between the baseline economic contributions results and the economic contribution result in each hypothetical scenario is the hypothetical economic impact of that scenario. We used IMPLAN to test four hypothetical scenarios where Sound Transit:

- Awarded a smaller share of its dollars to regional businesses (*fewer regional businesses* scenario);
- Did not use condition-of-award participation goals (*no goals* scenario);
- Awarded all projects using condition-of-award participation goals (*all goals* scenario); and
- Awarded *informal procurements* (i.e., professional services, A/E, and goods and services projects valued at less than $250,000 and construction projects valued at less than $350,000) to small businesses in line with their availability for that work (*availability aligned* scenario).

BBC also assessed a fifth hypothetical scenario, estimating the impact we would expect from an increase in the capacity and resources of CREI-EDD, though we did not use IMPLAN for this assessment.

i. Fewer regional businesses. BBC explored the degree to which Sound Transit awarded its contract and procurement dollars to businesses located within the RGMA. Our assessment of the agency's contract and procurement data showed that, during the study period, the agency awarded 94.1 percent of its project dollars to RGMA-based businesses.[60] On average, peer transit agencies awarded approximately 82.8 percent of their contract and procurement dollars on similar projects to businesses located in their respective RGMAs over similar time periods.

We assessed how Sound Transit's regional economic contributions would differ if, in the future, the agency were to award its contract and procurement dollars to RGMA-based businesses to the same degree as other transit agencies do. BBC presents the results of that analysis in column (b) of Figure B-10. As shown in row (2) of column (b), we would expect Sound Transit to generate $2.4 billion in total economic activity in the fewer regional businesses scenario. In row (1) of Figure B-10, we present the *delta,* or the change, between the total economic activity we would expect Sound Transit to generate in

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[57] The contract data BBC used came from six disparity studies we conducted for peer transit agencies from 2019 to 2025.

[58] BBC used IMPLAN's LPP variable to estimate the share of spending we would expect to be retained within the regional economy based on the degree to which small versus large businesses participate in agency work.

[59] BBC's input of Sound Transit contracts into IMPLAN accounts for the degree to which regional versus non-regional businesses would contribute to the regional marketplace.

[60] BBC reviewed data from the 2020 Sound Transit Disparity Study, to assess if a similar pattern existed in projects awarded from 2016 to 2019 (the study period for the 2020 study). During that time, the agency awarded 93.9 percent of its dollars to regionally based businesses. Source: BBC Research & Consulting, "2020 Disadvantaged Business Enterprise Disparity Study" (Sound Transit, October 2020), https://www.soundtransit.org/sites/default/files/documents/2020-sound-transit-dbe-disparity-study.pdf.

each hypothetical scenario and the total economic activity we observed in the baseline. This delta represents the hypothetical economic impact associated with Sound Transit awarding project dollars to fewer regional businesses in line with the practices of peer transit agencies. As shown in row (1) of column (b), the hypothetical economic impact of the fewer regional businesses scenario is $140.6 million less economic activity in the RGMA compared to the baseline.

ii. No goals. BBC assessed how Sound Transit's regional economic contributions would differ if the agency did not use DBE or SB participation goals to award *any* projects. Using contract and procurement data from Sound Transit and peer transit agencies, we simulated how we would expect Sound Transit's dollars to be distributed to RGMA-based businesses without the use of goals. We present the results of this analysis in column (c) of Figure B-10. As shown in row (2) of column (c), we would expect Sound Transit to generate $2.6 billion in total economic activity in the no goals scenario. As shown in row (1) of column (c), this result reflects a hypothetical economic impact of $3.0 million less economic activity in the RGMA compared to the baseline.

iii. All goals. BBC also assessed how Sound Transit's regional economic contributions would differ if the agency were to award *all* of its contracts and procurements using participation goals. Using contract and procurement data from Sound Transit and peer transit agencies, we simulated how we would expect Sound Transit's dollars to be distributed to RGMA-based businesses in this hypothetical scenario. We present the results of this analysis in column (d) of Figure B-10. As shown in row (2) of column (d), we would expect Sound Transit to generate $2.6 billion in total economic activity in the all goals scenario. As shown in row (1) of column (d), this result reflects a hypothetical economic impact of $9.4 million more economic activity in the RGMA compared to the baseline.

iv. Availability aligned. BBC assessed how Sound Transit's regional economic contributions would differ if the agency were to award its informal procurements to small businesses in line with their estimated availability for that work. In this scenario, we modeled that the agency would award 92.2 percent of its informal procurement dollars to RGMA-based small businesses, which reflects the availability of those businesses for Sound Transit's informal procurements.[61] We present the results of this analysis in column (e) of Figure B-10. As shown in row (2) of column (e), we would expect Sound Transit to generate $2.6 billion in total economic activity in the availability aligned scenario. As shown in row (1) of column (e), this result reflects a hypothetical economic impact of $944,475 more economic activity in the RGMA compared to the baseline

[61] BBC, "2025 Sound Transit Disparity Study."

Figure B-10.
Economic impact of hypothetical scenarios on the regional economy

Economic contribution	(a) Baseline	Hypothetical scenario (b) Fewer regional businesses	(c) No goals	(d) All goals	(e) Availability aligned
(1) Delta		**-$140,581,583**	**-$2,994,917**	**$9,409,730**	**$944,475**
(2) Total economic activity	**$2,584,982,577**	**$2,444,400,994**	**$2,581,987,660**	**$2,594,392,307**	**$2,585,927,052**
(3) Labor income	$1,230,647,396	$1,162,312,919	$1,229,316,038	$1,233,792,408	$1,231,006,221
(4) Other property income	$407,068,822	$384,784,157	$406,228,929	$409,091,061	$407,244,620
(5) TOPI	$86,251,473	$82,443,920	$86,110,046	$86,754,906	$86,300,644
(6) Sales TOPI	$49,930,418	$47,726,698	$49,847,436	$50,221,837	$49,958,918
(7) Other TOPI	$36,321,055	$34,717,223	$36,262,609	$36,533,069	$36,341,726
(8) Intermediate inputs	$861,014,886	$814,859,998	$860,332,647	$864,753,932	$861,375,566
(9) **Jobs**	**12,072**	**11,459**	**12,062**	**12,104**	**12,075**
(10) **Total taxes**	**$355,930,031**	**$337,247,322**	**$355,460,201**	**$357,173,227**	**$356,062,051**

Note: All results are rounded to the nearest whole number.

Source: BBC and IMPLAN.

v. CREI-EDD changes. BBC also examined how changes to CREI-EDD staffing levels could impact the regional economy compared to the agency's baseline economic contributions during the study period. To assess whether staffing levels were related to contracting outcomes over the study period, BBC analyzed whether a statistical relationship existed between the number of staff CREI-EDD employed each year and:

- The average percentage goal applied to projects;
- The percentage of projects with participation goals where prime contractors met the goal through subcontracting commitments or self-performance; and
- The number of unique DBEs and SBs that participated in agency projects.

As shown in Figure B-11, we did not observe any statistical relationships between the number of CREI-EDD staff and the above metrics. Because we did not identify any statistical relationships among these factors, we did not simulate a scenario to quantify a hypothetical economic impact of increasing or decreasing CREI-EDD staffing levels.

Figure B-11.
CREI-EDD staffing levels, average goal percentage, goal attainment, and number of unique DBEs and SBs that participated in agency projects each year, 2020 - 2024

Note:

Average goal and goal attainment percentages rounded to the nearest tenth of a percent.

Source:

CREI-EDD data.

Year	Number of staff	Average goal	Goal attainment (% of contracts)	Unique participating DBEs and SBs
2020	7	23.0%	48.4%	51
2021	5	30.8%	43.9%	58
2022	5	34.0%	25.7%	36
2023	3	24.5%	43.5%	82
2024	5	25.2%	25.6%	51

APPENDIX C.
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BBC Research & Consulting (BBC) presents a complete bibliography in Appendix C.

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