

Small Business Advisory Council Meeting

Minutes

March 5, 2014

Call to order: Council Chair Jim Butler called the meeting to order at 1:05 pm.

Attendance: The meeting was attended in person by the following SBC members: Aubry Stone, Evelyn Graham, Paul Guerrero, Jerry Bircher, Rich Dryden, Valerie Miles, Lori Kammerer, Don Stoneham, Marty Keller, Janelle Green, Debra Roak, Savita Farooqui, Philip Vermeulen, Justin Adams (for Ken DeVore),

The following SBC members attended via webinar: Doug Eldridge, Stephen Simpson, Jennifer Goode,

The following SBC members were absent:

The following DGS representatives were in attendance: Eric Mandell, Danetta Jackson, Tanya Little Marc Anderson, Catrina Blair, Tonia Burgess, Tasha Nomura-Stewart, Cathy Lorenzo, Robert Ullrey

Special guests included: Robert Padilla

Welcome and Introductions

Council Co-Chair Aubry Stone welcomed everyone to the first meeting of the 2014 year. He welcomed Secretary Marybel Batjer to the meeting. He asked everyone to introduce themselves.

Approval of December 5, 2013 Meeting Minutes

Council Chair Jim Butler asked for a motion to approve the December 5, 2013 meeting minutes. Motion made by Rich Dryden; Don Stoneham second.

Review of Agenda and Deputy Director Update

Council Chair Jim Butler thanked everyone for coming and began reviewing the meeting's agenda. He stated that Secretary Marybel Batjer, California Prison Industry Authority (Cal-PIA), Caltrans and DGS' Real Estate Services Division (RESD) would be presenting. Mr. Butler also explained that several members of the public had wished to speak during the public comment portion.

Introduction of Secretary Marybel Batjer

Secretary Batjer thanked Mr. Butler for the invitation to participate in today's meeting and thanked the DGS for helping to inform her and get her caught up regarding issues related to the Small Business / Disabled Veteran Business Enterprise community. She explained the last time she met everyone was at the 2012 State Agency Recognition Awards and stated that anything having to do with the SB/DVBE community was important to her on a personal level.

Mr. Butler then opened the floor to members to ask the Secretary questions. Council Co-Chair Aubry Stone asked which agencies were under her authority. She stated there were nine (9) state agencies: the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), the State Personnel Board, the Franchise Tax Board, the Victims Compensation & Government Claims, the Department of General Services (DGS), California Human Resources (CalHR), and the California Department of Technology.

Mr. Butler referred to open data and asked the Secretary to provide additional information. Secretary Batjer stated she wanted the right communities to be getting State contracts and that the State was making greater efforts to reach out to and get businesses certified. She also explained as business owners, businesses should be able to get information from agencies in a manner that can be accessed and available, as expanding and growing the economy is essential. Secretary Batjer asked her staff, Stew to elaborate. Stew stated their goal was transparency, performance and accessibility. He explained they were working with other States in obtaining more information.

Council member Savita Farooqui stated her business played a role in creating the CA.gov web site. She also stated they were currently working on an application using information shared by Tanya Little of the DGS. Mr. Butler stated once the information was done being cleansed, they would have a great product. Ms. Farooqui expressed an interested in speaking with the Secretary to discuss what her business was working on. Mr. Butler stated he would provide Ms. Farooqui's contact information to the Secretary. Council member Paul Guerrero asked for the Secretary's information; Council Chair Jim Butler stated the DGS would provide her information to the Council.

Council member Marty Keller asked whether the agency was still in the gathering information phase. Mr. Butler stated the DGS was ahead of the data collection and idea phase. He explained the DGS was working with GoBIZ to complete data clean-up; the data was currently available but were trying to standardize it. Mr. Keller stated the Disabled Veteran Business Alliance was working to see businesses be more corporate-government ready and was working to prepare them to do business with government. He explained they were seeing disparity in numbers with those who do business and those who get contracts, as the issue had to do with their preparedness in getting ready to do business with State government. Mr. Keller wanted to plant that seed for the DVBE community. Secretary Batjer explained that veteran community was transitioning between those who were from the Vietnam and Iraq eras, as those veterans were trained in services differently due to logistics, supplies, technology, knowledge, skills,

etc. Because of such, today's veterans offer different entrepreneurial skill sets and way of doing business that were not pen and paper like those of the Vietnam era. She explained the State needed the SB community to be aware of that and how the State approaches training current vets in a way they were used to. Council member Paul Guerrero elaborated stating bidding was currently being done by units and the training of process was essential not just the technological aspect. Council Co-Chair Aubry Stone stated the value vs. cost from bottom up was not working and stated it needed to come from the top-down. Mr. Stone explained it may do little for the SB community economically, but was more drastic out of state. The Secretary agreed and said restrictions were currently in place.

Membership on the Council 2014 / Review of Charter / Packets – Going Green

Alternate Chair Angel Carrera referred to the December 5, 2013 Minutes regarding renewal of membership. He explained Catrina Blair had the Council members' reaffirmation letters and they would be provided to the Council after the meeting to sign and return. Those participating via webinar would receive their letters by mail. Once letters were returned, the DGS would determine whether there were any vacancies on the Council.

The next item discussed the possibility of "go green" by providing the Council their meeting packets electronically rather than hard copy. The reason for the change was due to efficiency and cost. The total cost per packet was \$7.47; 30 packets were mailed out four times a year, costing the State \$\$896.40 yearly. Council member Don Stoneham stated he would be agreeable to receiving packet via PDF.

Council member Evelyn Graham elaborated stating it was not just paper that the State is spending, but also the amount of labor, supplies, postage, compose, etc. Council member Don Stoneham suggested giving members the option to choose to receive electronically or paper.

Council Chair Jim Butler took a vote to receive future meeting packets electronically. Members voted to go green and provide all information via PDF format.

2011 Strategic Plan Review

Alternate Chair Angel Carrera referred to the 2011 Strategic Plan. The highlighted items had been drafted into Executive Order or in a Governor's Office Administrative Review (GOAR). Mr. Carrera stated the subcommittees would need to reconvene to discuss the remaining items. He also stated the subcommittee chairs would need to organize those meetings. The Program and Policy tract was chaired by Aubry Stone and Rich Dryden and the Legislative tract by Chuck Lott. He explained the Legislative tract needed a new chair. Council member Lori Kammerer recommended Council member Phil Vermeulen chair the Legislative subcommittee. Mr. Vermeulen accepted.

Mr. Carrera explained the next SBC meeting would be on June 18, 2014 at the DGS. He asked whether the next meeting should be scheduled to re-do what was done in 2011 or whether a separate day should be scheduled. Council member Jerry Bircher opted for a separate day. Council member Paul Guerrero stated a change in participation language needs to be done to reflect 25% to SBs and 5% to veterans, as well as allowing UCs to participate.

Council Chair Jim Butler stated that the breakout session would take place prior to the next SBC meeting. The DGS would send out a poll of suggested dates for the breakout meeting using Doodle.

Prison Industry Authority (PIA) Presentation (ask Jamie for notes)

Jamie Halford, from the California Prison Industry Authority (CalPIA) stated she had been working with CalPIA for five years and was currently the SB/DVBE advocate. She provided an overview of her department's outreach and contracting efforts and explained the department does more than just creating license plates and furniture. Ms. Halford stated CalPIA had been in business for over 65 years and was run by a board that operated like a Board of Directors that set policies, oversees performance, and determines which industries would be established. She also explained the Board often solicits public input, comprised of 11 members, whom also sit on the Board.

Ms. Halford stated CalPIA currently had \$106 million in contracting opportunities for large quantity items and many of them were diversity contracts.

Council member Paul Guerrero stated he had Legal Opinion document stating CalPIA was not subjected to the State's mandated participation goals. Council Chair Jim Butler explained Mr. Guerrero was correct, but CalPIA was reporting their participation numbers to the DGS. Ms. Halford explained CalPIA was making efforts to report participation goals and working to increase their numbers through outreach and networking opportunities. Council member Valerie Miles asked how CalPIA searched for vendors. Ms. Halford responded stating they participate in outreach events, and some vendors contact her department directly, using eProcurement, and through informal and small business bids. Council member Debra Roak asked how outreach around their rural prisons work.. Ms. Halford stated she would talk with her offline about their efforts.

Council member Marty Keller asked, since CalPIA was separate from the California Department of Corrections & Rehabilitation (CDCR), do they have a working relationship with CDCR. Ms. Halford said yes they do, and she explained as an advocate, she provides a template of vendors to her department's buyers to use to meet goals. Mr. Keller stated the Disabled Veteran Business Alliance works with advocates and could help them find vendors. Council member Philip Vermeulen asked since the realignment from state to local facilities, was the prison base significant enough to do the work. Ms. Halford stated their work base was capable. Council member Doug

Eldridge asked if the DVBE action plan was available online. Ms. Halford stated no but explained that DGS would be able to provide this information to the Council.

Council Chair Jim Butler thanked Ms. Halford for her presentation and stated CalPIA would be invited back at a later time.

Caltrans Programs and Projects

Mario Solis, of Caltrans' Office of Business and Economic Opportunity (OBEO), stated his unit oversees implementation programs. He explained a realignment of duties within the OBEO has consolidated functions in such a way that not only maximizes resources, but positions the OBEO to enhance the level of services provided. For instance, they had increased the numbers of small disadvantage businesses, and he stated there was no discrimination in the process or contracting opportunities. He also stated their SB/DVBE Advocate, Renee Halverson would be retiring soon.

Mr. Solis stated there was a dedicated Outreach and Training Branch within OBEO. This branch houses the Statewide Small Business Coordinators, who oversee a network of technical assistance staff; and District Small Business Liaisons (DSBLs) throughout Caltrans' 12 districts. He explained the DSBLs were available to assist the small business community with issues ranging from payment and utilization, to training (e.g., certification workshops), to technical assistance (e.g., "how to find information about Caltrans projects").

He also stated the DSBL contact list was located on the OBEO website at: www.dot.ca.gov/hq/bep. Through February 24, 2014, Caltrans had 585 active projects valued at more than \$11.2 billion. Sixty-five percent of those projects were valued at less than \$5 million. Twenty-five percent were valued at less than \$1 million. Those stats reflect Caltrans' ongoing efforts to unbundle projects to create opportunities for small business participation. Caltrans has an overall annual small business goal of 25 percent, which was an aspirational goal. Caltrans has an overall annual DVBE goal of 5 percent, 2 percent higher than the legislatively mandated 3 percent goal. Mr. Solis explained Caltrans' DVBE goal structure was tiered, based on the dollar value of the project: (1) projects less than \$1 million had a 5 percent DVBE goal; (2) projects between \$1 million and \$5 million had a 3 percent DVBE goal; and (3) projects in excess of \$5 million were subject to the DVBE incentive, a reduction for bid comparison only, up to \$250,000. He also stated Caltrans promoted SB, DVBE, and DBE participation through pre-bid meetings and conferences and procurement fairs.

Council member Evelyn Graham asked about the DVBE goals mentioned and Mr. Solis stated it was an aspirational goal. Council member Paul Guerrero asked if District 4 was looked at because they met their participation goals consistently. Mr. Solis stated District 4 was unique in that their region was very diverse and had more DBE certified firms than any other district. He also explained OBEO was looking to other districts and using some best practices. Council member Dough Eldridge asked about the \$5 million+ with a DVBE incentive. Mr. Solis stated the incentive maxed out at \$250,000.

Alternate Chair Angel Carrera complimented Caltrans for their emergency contract register and stated agencies should look it as a model, for like registries. Council member Don Stoneham asked about the list of advocates for Caltrans' 12 districts and whether their list was the same as what the DGS had posted. Mr. Solis stated they were the same.

Legislative Update

Chuck Deyoe, of the DGS, discussed a summary of Legislative Bills the DGS was currently tracking. A list of these bills can be viewed at:

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/PDBillSummary030514.pdf>.

Council member Philip Vermeulen asked Mr. Deyoe to look into bills regarding CSUs and UCs participating to do business with the SB/DVBE community. Council member Lori Kammerer asked about the bill having to report LGBT business partnerships.

RESD Update

Yolanda Hazewood and Cecil Rowe of the DGS' Real Estate Services Division provided an update regarding their Outreach section. Ms. Hazewood stated she used to be the SB/DVBE Advocate and was asked by management to head-up the SB/DVBE outreach unit with Cecil Rowe for RESD because it is such a large division. She explained RESD had many contracting opportunities. They were currently participating in various outreach events and have reached out to several of the chamber of commerce prior to Christmas to share information about the RESD outreach group.

Ms. Hazewood stated they were internally working with RESD units and making sure they were trained to do business with SB/DVBE communities. For instance, they were working to verify whether units were using the SB/DVBE Waiver process to help increase their SB/DVBE participation numbers. She also stated they were participating in several outreach events in the month of March. Ms. Hazewood stated they attended the Oakland matchmaking event and found it to be very beneficial, as they had 12 interviews with SB/DVBE firms. She explained they would be facilitating their first workshop for women and would be asking PD Outreach to provide on-site certification.

She referred the Council to their newly constructed RESD Outreach page at: www.dgs.ca.gov/resd/RESDSBDVBEOutreach.aspx and discussed their current contracting opportunities at:

www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/RESDUpcomingSolicitations030514.pdf

Cecil Rowe stated they were in the process of creating a list of vendors for needed goods and services when attending outreach events. Council member Paul Guerrero referred to the SB/DVBE Option as another option when working with SB/DVBE community.

PD Contract Update

Eric Mandell, of the DGS Procurement Division's Acquisition Branch, thanked Mr. Butler for engaging the Acquisitions group more actively with the SBC. Mr. Mandell introduced Robert Ullrey, manager of the Food acquisitions and Transportation Management Unit, Cathy Lorenzo, manager of the Contracts 2 Unit, and Marc Anderson, manager of the Contracts 1 Unit.

Marc Anderson has worked with the DGS for over 20 years. He presented information related to the new contract for tires, which was awarded months ago. He stated six contractors were listed on the contract and four of those were certified small businesses. Mr. Anderson stated they encouraged primes to network with the SB/DVBE community. He explained the bid had mandatory DVBE participation, and all bidders had to adhere to it; it would require partnership with a DVBE subcontractor. For a list of the Prime Tire Contractors, go to:

[/www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/PrimeTireContractors030514.pdf](http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/PrimeTireContractors030514.pdf).

For a list of the mandatory contract, go to:

[/www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/MandatoryTireContractsMatrix030514.pdf](http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/MandatoryTireContractsMatrix030514.pdf)

Mr. Robert Ullrey provided information related to two new contracts – bottled and bulk water. He explained they would be awarded to multiple awardees and will be used by state and local government, as it was due to the State's current drought situation. Council Chair Jim Butler stated this particular category had never been sourced by the DGS before and he asked members for additional assistance if they were familiar with this category. Mr. Ullrey stated the contract required a quick turnaround on delivery, as there were three delivery schedules: 12 hour, 72 hour and a 20-day turnaround.

For more information regarding the upcoming Food Acquisition contracting opportunities, refer to the handout located at:

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/FoodContracts030514.pdf>.

CUF Worksheet

Bernie Quinn, of the DGS Procurement Division's Office of Policy, Procedures and Legislation unit, provides administrative guidance related to Commercially Useful Function (CUF). Mr. Quinn stated through surveying departments results showed the DGS was doing a great job of explaining CUF through law and regulations, but needed to provide more accurate information on how to utilize CUF, so the CUF Evaluation Worksheet was created and could be found at:

www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/CFUEvaluationWorksheet030514.pdf

Mr Quinn stated an initial field test of the worksheet was done and based on the results and feedback of the test, changes were incorporated into the worksheet. He also explained his group met with four attorneys, and stated the use of certain words was not

used in statue and the DGS was in the processes of making these changes. To view Mr. Quinn's CUF presentation, go to:

www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/CUFPresentation030514.pdf

Council Co-Chair Aubry Stone asked whether the worksheet was geared to buyers to use, or was it to serve as a watchdog and whistleblower. Council Chair Jim Butler stated the worksheet was geared for buyer use, but if someone calls in regards to an issue then it can be used for watchdog purposes, as well. Council Co-Chair Stone asked if it could be used for violations and Council Chair Butler said no, as the DGS was not using it as a disciplinary form but to be placed in the purchasing file for management review.

A motion was made by Council member Rich Dryden to recommend the CUF Evaluation form be required for all agencies to use who had delegated authority; Second by Council member Paul Guerrero.

Review of New Action Items

- Status of remaining items on the 2011 Strategic Plan
- Provide Council with Secretary Batjer's contact information
- Going Green - Provide future meeting packets to members via email (PDF format)
- Send a set of proposed dates to the Council, through doodle, for a Strategic Plan breakout session
- Provide Secretary Batjer with scheduled date of Strategic Plan breakout session
- CalPIA Action Plan
 - PIA report status of inmate workforce as a result of the realignment
- Provide Council with Jamie Halfords contact information
- Status update of bills passed putting CSUs and UCs as active agencies
- Status regarding business disbarment from the State (Council member Phil Vermeulen to provide)
- List of prime tire contractors
- A year look ahead for acquisition contracts
 - Contact CalTech for IT Contracts
- Provide Secretary Batjer with Council member Savita Farooqui's contact information
- Recommendation to unbundle and make a non-mandatory toner contract
- Invite Department of Water Resources to come and report on how an agency applies for Infrastructure Bond (iBond) money

Council member Jerry Bircher provided information regarding reverse bidding. To see provided handout, go to:

www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/ReverseAuctions030514.pdf

Council Chair Jim Butler stated the functionality was still in SCOPE and that reverse auctions see savings but only so much margin out of this type of relationship, as it causes vendors to have cost than to crush margin dollar. He also stated the amount of

businesses that participate was there, but now only big businesses use because it drove small businesses out of business.

Mr. Robert Padilla, of the California High-Speed Rail Authority announced a bid proposal for engineering services and explained four of the five contractors were small business certified.

Public Comment

Jim Kaupanger, from Facilitation Enterprises, LLC asked about CUF. He explained that his business was performing a distinct element. Council Chair Jim Butler referred him to meet with a specialist, to which Tanya Little, of the DGS' Office of Small Business & DVBE Services stated she had already met with Mr. Kaupanger. She stated his business had an opportunity to get a CMAS but had not taken the steps yet to complete this process.

Council Chair Jim Butler adjourned the meeting at 3:47 pm.