

Small Business Advisory Council Strategic Planning Meeting

Minutes

June 18, 2014

Call to order: Small Business Council Co-Chair Aubry Stone called the meeting to order at 10:06 a.m.

Attendance: The meeting was attended by the following SBC members: Aubry Stone, Rick Pena (representing for the Latin Business Association), Don Stoneham, Steven Simpson, Debra Roak, Jerry Bircher, Rick Kushmen (representing for Infuze Marketing), Douglas Eldridge, Marty Keller, Savita Farooqui, Paul Guerrero, James Brady, Justin Adams (representing for the National Federation of Independent Business Owners), Phil Vermeulen, Patricia Linn, Lee Cunningham, Alice Perez (representing for the CA Hispanic Chamber of Commerce), Cecelia McCloy, and Betty Jo Toccoli.

The following SBC members were absent: Jennifer Goode, Gloria Rull, Tracy Stanhoff, Tom Crawford, Evelyn Graham, Sandy Cajas, Scott Hauge, and Valerie Miles.

The following DGS representatives were in attendance: Alternate Chair Angel Carrera, Catrina Blair, Tonia Burgess, Tasha Nomura-Stewart, Robert Ullrey, Wayne Gross, Steve Casarez, Chuck Deyoe, Yolanda Hazewood, Eric Mandell, Charleen Fain-Keslar, Rhonda Smith, Kim Agustin, Sam Mooc, Cathy Lorenzo and Danetta Jackson.

Special guests included: Tony Perez, Undersecretary of CA Government Operations Agency; Ken Ashford, of Metropolitan Water District; and Barbara Vohryzek, Small Business Advocate of the Governor's Office of Economic Development;

Welcome and Introductions

Ms. Danetta Jackson, manager of DGS' Communication & Outreach Unit, provided housekeeping rules and thanked DGS Staff Catrina Blair for her service to the Council as she accepted an advocate position in DGS' Real Estate Services Division. Alternate Chair Angel Carrera thanked the Outreach staff for all their help in getting the meeting organized.

Strategic Plan Overview / Purpose / Review of Accomplishments / Most Voted Items

Alternate Chair Angel Carrera provided background to the three items provided electronically to the members: the agenda (<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/SBCAgenda061814.pdf>); the Summary of Accomplishments (<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/SummaryofAccomplishments061814.pdf>); and the Updated Strategic Plan

<http://www.documents.dgs.ca.gov/pd/smallbus/SBCouncil/StrategicPlan06182014.pdf>). He explained that because we were going green, members should be prepared to print their own copies and bring the provided items to the meeting with them.

Council Co-Chair Aubry Stone asked about agencies not meeting their participation goals. Council member Paul Guerrero asked about Caltrans' participation goals and asked that the DGS analyze their goals by district rather than the department as a whole. DGS' Acquisition Chief, Eric Mandell discussed the consequences of taking away a department's delegation and the burden it would cause for the acquisitions staff.

Introduction of Facilitator, Ken Ashford

Alternate Chair Angel Carrera introduced, Mr. Ken Ashford, of the Metropolitan Water District, who had agreed to facilitate the Strategic Planning meeting. Mr. Ashford thanked Ms. Jackson for recommending him as a facilitator.

Establish Ground Rules

Ken Ashford provided a list of ground rules for the meeting and asked the members to buy in to those rules.

He referred to the "Parking Lot," which was to be used for items that were not part of the original agenda. The following items were added to this section, per the Council's request:

- Access between all parties (advocate, buyer, and vendor).
- Reduce or pull delegation when departments continue failing meeting goals when departments demonstrate a pattern of deficiency.
- Develop criteria explaining what 'deficiency' means.
- Consider 'set asides' for SBs/DVBEs.
- \$7,500 limit on CAL-Card.
- Increase California Multiple Award Schedules (CMAS) limit of \$500k to \$1.5 mil.
- Establish metrics/benchmarks for departments to monitor progress in meeting goals.
- Non-compete agreement enforcement.
- Every department should establish an SB/ DVBE First Policy.

- Legislative change to the SB/ DVBE option - Add Microbusiness.
- Add to performance appraisal - Department must meet SB/ DVBE goals.
- Develop consistency on how agencies are reporting.
- Provide advocates a 'best practices' lifeline.
- Innovation for procurement.

Review of Strategic Plan – Top Seven Items

Ken. Ashford reviewed the Top Seven Items listed on the Updated 2011 Strategic Plan and asked the Council to determine whether any action was required.

1. *Every department needs SB/DVBE First Policy customized by departments: Council agreed that all state agencies need to establish one.* Council member Lee Cunningham wanted to include microbusiness. Council member Marty Keller referenced looking into the SB/DVBE Option and getting three quotes rather than two. Council member Betty Jo Toccoli stated clarification and simplicity was needed in definitions. Council member Don Stoneham acknowledged DGS and other departments for their work on the SB/DVBE First Policy. Barbara Vohryzek, of the Governor's Office of Economic Development, recommended to the Council that she champion this recommendation through Go-BIZ rather than submitting the issue through a Governor's Office Action Request (GOAR) or Executive Order.
2. *Change language from "goal" to "requirement," 25% of all state contract dollars are to be awarded to SB/DVBE:* Council Co-Chair Aubry Stone stated this recommendation was not a waste of time to reintroduce. Council member Marty Keller agreed to keep it on as a top priority, as Appropriations had failed to advance the issue because it would cost the state more money. Council member Betty Jo Toccoli wondered if there was a different word or approach to take, such as changing "requirement" to "minimum." Barbara Vohryzek recommended making it an incentive, to provide actual data showing it is a bonus and it would save the state money. Facilitator Ken Ashford suggested establishing a "floor" rather than having a requirement. Council Co-Chair Aubry Stone agreed with Council members Keller and Toccoli to keep issue a priority.
3. *Advocate needs: top-down support; dedicated advocate; advocate reports to executive management or Director; advocate boot camp; and hire for the position – people person:* The Council determined there needed to be a specific job description for the advocate role. Council member Marty Keller stated it depended on how well the role was received from the top-down. Additionally, he

explained there needed to be some sort of perspective on how much money was spent for these roles and advocacy, requesting departments to provide data about their budget for advocacy and outreach for the position. Alternate Chair Angel Carrera referred to how this particular item was addressed in the previous GOAR. Council member Debra Roak stated agencies needed to be disciplined in order to establish better performance in meeting participation goals. Barbara Vohryzek suggested some sort of efficiency with the advocate and executives to help influence annual review. Council member Jerry Bircher referred to a dashboard that he developed.

4. *Increase SB/DVBE in phases - 25% floor - increase to 50% within three years. DVBE 3% to 6%:* Council member Betty Jo Toccoli did not think 50% SB was attainable and preferred something in the 30% range to be more realistic over a three year period. Council member Marty Keller agreed. It was also suggested to give incentives to agencies that exceeds their participation goal.
5. *Recommend that the State establish a credit arm to assist SB/DVBE with surety and bonding for state contracts:* Barbara Vohryzek explained the state could establish this but it would be based on whether there was money in the budget. Facilitator Ken Ashford suggested piloting with one department, such as Caltrans or the High-Speed Rail Authority, first rather than the state as a whole. Alternate Chair Angel Carrera asked Council members Lee Cunningham or Paul Guerrero to bring this item to the next Caltrans Council meeting. Council member Paul Guerrero stated there would be an issue due to performance and payment bonds; he suggested maybe asking the California Department of Corrections & Rehabilitation instead of Caltrans. Council member Betty Jo Toccoli asked Ms. Cunningham about Rebecca's definition of bond through legislation, as it could potentially solve the issue for small business. Ms. Cunningham stated going back to Caltrans in looking at a model program for bonding.
6. *Pay SB/DVBE even when there's no budget; continuous appropriation; establish timeline for primes to pay subs and reraise prompt payment penalty (omnibus SB/DVBE bill).* DGS staff Robert Ullrey stated money was already encumbered when a purchase order was issued. The State Controller would still be able to make payment unless the money was frozen due to budget cuts. Alternate Chair Angel Carrera referred to how this recommendation was outlined within the previous GOAR. Council member Marty Keller stated that they would have to get the Legislature to agree to this but did not see the politics of budgets being passed on time. Council member Doug Eldridge stated prompt payment was an important item to keep and should be readdressed. Council agreed to "dump" item.
7. *A coordinated / collaborative DGS SB/DVBE Council or similar type group needs to have more power, more collaboration among stakeholders (advocates, businesses, state departments, SMEs):* No action was taken on this item.

Review of Strategic Plan – Discuss Top Three Member Voted Recommendations

Facilitator Ken Ashford then provided a list of the next top voted recommendations by the Council members. These recommendations were items eight through 25 on the Updated 2011 Strategic Plan.

8. *Solicitations unbundle all commodities out of large multi-faceted contracts:* Council member Jerry Bircher stated DGS was doing a great job of unbundling contracts and did not think the Council needed to address again. Council member Savita Farooqui stated this item should not be restricted to commodities and suggested wording be changed to read “procurement.”
9. *Enforce Commercially Useful Function (CUF) compliance before, during and after contract award (make sure business is doing what they claim):* Council agreed some sort of contract management compliance was necessary.
13. *Make local government's apply state SB/DVBE rules when doing projects with state money:* No change.
14. *State departments need adequate IT support to capture, track and report microbusinesses, SB/DVBE numbers:* No additional discussion.
15. *Bring non-executive agencies to contribute to meet SB/DVBE goals (UC, Lottery, Courts, PERS, CPUC, Budget, CSU):* It was determined that the Council and their entities would write letters to their legislators to address this issue.
18. *Raise dollar amount on incentive caps (current cap was \$50k or \$100k):* DGS staff stated current Bill died in Appropriations.

Discussion of New Recommendations to the Strategic Plan

Facilitator Ken Ashford then asked the Council to vote for their top five recommendations they wanted to push forward through using a GOAR, Executive Order, legislation, and/or via contacting their constituents. Based on their collective votes, the following items were selected:

Top Five Items:

- 9) Enforce Commercially Useful Function (CUF) compliance before, during and after contract award – make sure business is doing what they claim (11 votes)
- 1) Every department needs SB/DVBE First Policy Customized by departments (10 votes)
- 18) Raise dollar amount on incentive caps – current cap is \$50k or \$100k (10 votes)

- 13) Make local governments apply state SB/DVBE rules when doing projects with state money (8 votes)
- 29) Consider 'set asides' for SB/DVBEs (8 votes)

Next 5 items:

- 4) Increase SB/DVBE in phase – 25% floor – increase to 50% within three years. DVBE 3% to 6%. Council member Marty Keller made a motion to change the SB participation goal from 50% to 30% over a three year period. Second by Council member Jerry Bircher. Council member Debra Roak believed participation should stay at 50%. Motion carried at 30%. (5 votes)
- 26) Access between all parties – advocate, buyer and vendor (5 votes)

Plan of Action Moving Forward

DGS staff Robert Ullrey provided clarification regarding legislation and policy. He explained that Legislation required changes in statute; whereas policy provided action in the form of a GOAR or Executive Order.

The Legislative/Policy and Program subcommittees would reconvene to discuss how to proceed with the Top Five items listed above. Alternate Chair Angel Carrera would send contact information to the committee chairs, so that they could set up these meeting dates.

Council Co-Chair Aubry Stone thanked Ken Ashford for facilitating. He also thanked Tony Perez and Barbara Vohryzek for attending the meeting, as well as the other council members.

Co-Chair Aubry Stone adjourned the meeting at 2:42 p.m.