

## **Small Business Advisory Council Meeting Meeting Minutes**

June 6, 2017

### **Call to order:**

Angel Carrera called the meeting to order at 1:05 p.m.

**Attendance:** The meeting was attended by the following SBC members: Aubry Stone, Marty Keller, Danny (Alfredo) Garza, Rene Cota, Phil Vermeulen, Lori Kammerer, Paul Guerrero, Stephen Martinez, Jerry Bircher, Scott Rogalski, Julian Canete and Betty Jo Toccolli.

The following SBC members attended via webinar: Shaila Rao Mistry, Jerome Toliver, Lee Cunningham, Mike Daniel, Rachel Fischer, Don Stoneham, Keith Anderson and Sharon Brown.

The following SBC members were absent: Savita Farooqui, Ken DeVore, Livier Martinez, Douglas Eldridge, Evelyn Graham and Ruben Guerra.

The following public agency representatives were in attendance: Lydia McGee (MWD), and Jamie Jones (CalVet).

The following DGS representatives were in attendance: Danetta Jackson, Angel Carrera, Emma Cardenas, Catrina Blair, Darvin Manuel, Matthew Zweier, Bob Door, Sara'Ann Ryan, Eric Mandell, Charleen Fain-Keslar, Jacque Roberts, Carl Josephson and Louis Ly and Tonia Burgess via webinar.

Guests in attendance included: Bob Beamer (Cal-PIA, Cuc Phan (Kammerer & Company) and, via webinar, Gladys Morales (Latina Business Association).

### **Welcome and Introductions**

Aubry Stone introduced new members to the council, Marty Keller and Mitch Anderson.

Angel Carrera acknowledged Betty Jo and all the SBC supporters of CA Small Business Day held June 5, 2017 at the Sheraton Hotel. Betty Jo acknowledged Aubry for his support.

Betty Jo Toccolli: The success of the event is that there have been 25 or so organizations that sponsor the event. Some of them come and have a table. It used to be just the original legislators that authored the bill. Now all legislators are invited. This year there were 85 in attendance. They typically go with 75.

### **Approval of March 8, 2017 Meeting Minutes**

Julian Canente- motion

Phil Vermeulen- second.

All were in favor; the meeting minutes were approved.

## **Past Action Items/Strategic Goals Update**

Several members were supposed to get together to discuss past action items. Phil Vermeulen will have an update at the next meeting.

## **Legislative Update – Sara’Ann Ryan**

Sara’Ann Ryan, Legislative Analyst for the Procurement Division, provided updates for eight bills currently in the legislature:

AB 43 (Thurmond) would impose a 10 percent tax on any vendor who provided CA state prisons with goods or services. It is a two year bill that will be revisited next year.

AB 547 (Chavez) would require state agencies to pay DVBE that are also SBs within 30 days of receipt of a properly submitted, undisputed invoice. The bill is currently in the Senate.

AB 627 (Bigelow) would require new or renewed contracts in 2018 that supply food to prisons to be 50 percent grown in California. It is held in the assembly suspense file.

AB 822 (Caballero) would require state owned and run institutions buying agricultural products to provide preference to California growers. This bill is in the Senate.

AB 912 (Oberholte) would require state agencies to assist SBs with compliance with statues and regulations, including enforcement, under appropriate circumstances. Work to reduce penalties for SBs and report on SBs receiving relief from these policies. This bill has been held in the assembly suspense file.

AB 1635 (Quirk-Silva) would codify the state agency 25 percent SB participation goal. This bill has been held in the assembly suspense file.

SB 30 (Lara) would prohibit the state from renewing or making new contracts with any business that bids or provides goods or services to the federal government to build a wall on the southern border. It is in the assembly.

SB 605 (Galgiani) would raise the gross receipt limit to qualify as a SB from \$10 million to \$15 million. For public works it would go to \$36 million. It is in the assembly.

You can find information on this legislation and other legislation at <http://leginfo.legislature.ca.gov>

You can contact Sara’Ann Ryan, legislative consultant, if you have further questions. [SaraAnn.Ryan@dgs.ca.gov](mailto:SaraAnn.Ryan@dgs.ca.gov)

## **GO-Biz Update – Jesse Torres**

Jesse Torres was called to the Capitol and was not in attendance. Angel gave updates on Jesse's behalf. Jesse's updates referenced small business month and the following programs: Jump Start, California Competes Tax Credits and Self-employment pathways.

## **Contract Update – Eric Mandell**

Eric provided a one year look ahead for upcoming contracts. PD established an emergency response unit in the Acquisitions Branch. The unit will deal with fire, flood, earthquake, debris removal, etc. PD is putting together emergency contracts to deal with these problems, and others like ADA issues, food supplies, other supplies, and even medicine, which all departments and local governments can use. There will be an online directory where these things can be ordered.

Aubry Stone asked about Master Service Agreements (MSAs), their background, and how they work. The MSA for Information Technology (IT) added another 15 classifications. PD added new rates. The previous contract had 160 vendors, the current MSA has 238 vendors. 140 of them are certified SBs, and 15 Disabled Veteran Business Enterprises (DVBEs). When it comes to MSAs, state departments buy a lot of similar things and so an MSA is good for that situation, such as document shredding, roadway signs, truck mounted attenuator, enterprise services and storage. Also, PD is looking at services for people that need reasonable accommodations. Aubry Stone asked about the connection to real estate, however this does not have any connection to real estate, which is handled through the Real Estate Services Division (RESA). Aubry Stone and Angel Carrera suggested bringing in Office of Business Acquisitions (OBAS) to talk about this.

The State also has CMAS, which is the state's form of piggyback agreements, which Stephen Martinez asked about. CMAS allows the state to enter into a contract that already exists with another GSA.

## **Joint Venture Program – Robert Beamer, PIA**

The California Prison Industry Authority (CalPIA) has a variety of business opportunities, such as food products, electronics, and other work. We bring SBs into the prison industry area, which is safe, and set up private companies. The Joint Venture Program goal is rehabilitation. It achieved seven percent recidivism, which is far better than 50 percent recidivism in the rest of state. We give them computers and rooms to operate in, and we teach them how to be employees.

Prop 139 was passed in 1990: it is part of a larger program from the 80s. All people that come in must be certified. The workers get paid .35 cents an hour and they are good workers. They are paid the bottom 10 percent rate, which is far lower than typical rate of pay. The PIA is under different laws for labor, which is why this is possible. Money is taken out for taxes, restitution, room and board, family support, and mandatory offender savings. The employer benefits because the state covers the health benefits. A company can save 30-40 percent of operating costs by using this option. Benefits to the public are that offenders become employed and hard workers. They are paying back to society and are rehabilitated which makes the transition into real life much easier.

Program Requirements: it's a prison industry enhancement certification program. The company and prison need to follow various laws and regulations set by the state and federal government. They do look at comparable wage information and safety conditions. California Department of Correction and Rehabilitation (CDCR) funds the program and CalPIA administers it. CalPIA audits all of the companies on their annual wage plan.

Some examples of programs are:

- Current Joint Venture Programs: Joint Ventures Electronics since 1993, Merit partners since 2003, Big Dawg Manufacturing since 2016, The Last Mile Works since 2016.
- San Quentin Penitentiary has 2500 volunteers a month with all the programs they have. Prisoners often request to transfer to San Quentin because of the opportunities.
- Barnum Farming just started in May 2017. They are farmers. There are opportunities for other farmers. There are other programs in machine work with metal and plastic pursuing state contracts.
- There are lots of opportunities for SBs. There is a site available for an AutoCAD business. There are employees and graduates ready to go. It is a great building that is available.

This program does not interact with prop 57 but does go toward early release credits, which Jamie Jones asked about.

Level 1 and 2 prisoners are at the county level, which we are looking at working with.

Aubry Stone asked for an organizational chart of CalPIA, which will help with a challenge of the SB program to co-exist with CalPIA. Anything that can reduce recidivism is good. Robert Beamer will provide one.

**AB 1635 – Betty Jo Tocolli**

This is called strategic goal number 3. Last we voted on this we couldn't do anything because it required legislation. The goal was to get codified what has been an Executive Order (EO), the SB participation goal of 25%. In the past it got killed in the finance committee. The EO covers the cost so it shouldn't cost anything. Our bill went sailing through. One labor group didn't want SBs to get any "get out of jail free" cards, which we had to explain to the labor group was not the case. The appropriations chair insisted that the bill go on suspense. It can be a two year bill if it needs to be. Betty Jo, Julian, Aubry, and Marty all talked about the importance of the bill and gaining support from Democrats, Republicans, moderates, and the Governor directly. Getting coauthors and letters of support is also crucial to the bill's success, as well as attending committee hearings. Working with the appropriations chief is also important to make sure the bill does not die in appropriations.

### **New Outreach Staff – Catrina Blair**

Catrina introduced and welcomed two new staff members to Outreach: Darvin Manuel and Matt Zweier.

### **Improvement Plan – Catrina Blair**

The dashboard Jerry Bircher put together gives the public a graphic display of what agency SB/DVBE contract numbers are and where they met and did not meet their department goals. The dashboard includes the Plan of Improvement template, which DGS updated and includes a best practices checklist used when meeting departments to help them improve their SB and/or DVBE participation goals. Some things that hinder some departments are large contracts that are hard to obtain SB/DVBEs participation. The improvement plan changes allow departments to tell their story, and requires the department director, advocate, and procurement manager to sign it, which resolves the disconnect and increases accountability.

Outreach participated in a recent Consolidated Annual Reports (CAR) training where the new template was shared. Another training is scheduled for this month. It is mandatory for departments to use the new template for the upcoming fiscal year. Once the CAR is published, the new Improvement Plan is posted on the website at:

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

Betty Jo asked, "How many departments currently have advocates?"

Catrina Blair: More than 60% of departments have an advocate. It is hard to make sure everyone has an advocate because if one leaves we may not be notified. We send a broadcast monthly asking for departments to update us. Betty Jo mentioned a bill this year that would give departments 90 days to fill a position.

Angel Carrera: This plan of improvement is something the director looked at and he was very clear that he wanted to know when and how departments were going to achieve their goal.

### **SB Video Update – Matt Zweier**

The video script is nearing completion. When ready, it will go to the SBC video subcommittee. The video participants are Daniel Kim, Jesse Torres, Jennifer Banducci, Michael Banuelos, Jerry Bircher, and Savita Farooqui. The video encourages SB participation. We plan to premier the video at the September SBC meeting.

### **Upcoming Events**

Stephen Martinez: The CA Hispanic has two events: June 16 and August 23-25. All are welcome to attend.

Aubry Stone invited everyone to the California Black Chamber 22<sup>nd</sup> Ron Brown and Economic Summit which will be held in Oakland August 17-19, 2017.

Julian Canete invited everyone to the Asian Pacific Islander Leaders in Business Governor's reception.

Danetta Jackson shared information about the California Construction Expo that will be held on July 20 at the Anaheim Convention Center.

### **Legislative Ad Hoc Committee:**

**Chair: Lori Kammerer**

**Co-Chair: Phil Vermeulen**

**Julian Canente**

**Stephen Martinez**

**Phil Vermeulen**

**Paul Guerrero**

**Lori Kammerer**

**Rachel Fisher**

### **New Action Items**

- Ad Hoc committee regarding CUF (Phil, Lori, Paul & Jerry) to meet before September meeting.
- Request from members to have OBAS and/or RESD at next meeting
- Aubry Stone requested a CalPIA organizational chart from Bob Beamer
- Legislative committee will meet with Go-Biz in regards to strategic goal number three

### **Public Comment Period**

No public comments.

**Meeting Adjourned**

Angel Carrerra adjourned the meeting at 2:54 p.m.