

California Department of General Services (DGS)

Small Business Advisory Council (SBAC) Meeting Minutes

Date: June 26, 2019

Time: 10 a.m.–12 p.m.

Location: Department of General Services, 707 3rd Street, West Sacramento, CA 95605

Meeting Facilitator: Angela Shell

Recorder: Daniel Rosinsky-Larsson

Call to Order

Angela started the meeting at 10:00 a.m.

Attendance

SBAC Members in Person:

- Justin Adams, National Federation of Independent Business Owners CA
- Jerry Bircher, CA Small Business Association
- Julian Canete, CA Hispanic Chamber of Commerce
- Charlotta Carter, GRI Technology Solutions
- Chris Chavez, Distec Supply Co.
- Sandra Escalante, Laner Electric
- Azizza Davis Goines, Sacramento Black Chamber of Commerce
- Paul Guerrero, LA Raza Roundtable de CA
- William Osgood, CFR & Associates
- Stephen Simpson, Coalition of SB/DVBE
- Don Stoneham, Agape Enterprises
- Betty Jo Toccoli, CA Small Business Association
- Delores Thompson, CA Black Chamber of Commerce

SBAC Members by Phone/Webinar:

- Savita Farooqui, Symsoft Solutions

- Brett Housholder, San Diego PTAC
- Lori Kammerer, Small Business California
- Shobha Mallarapu, Anvaya Solutions
- Shaila Rao Mistry, National Association of Women Business Owners-CA
- David Nelson, CA Small Business Development Center
- Roger Schnorenberg, Allied Network Solutions
- Maria Solano, National Latina Business Women Assn. Inland Empire
- Philip Vermeulen, Coalition of SB/DVBE

Government Representatives:

- Jordan Aquino, DGS
- Jose Ayon, CalVet
- Carol Bangs, DGS
- Angel Carrera, DGS
- Bryan Dugger, DGS
- Charleen Fain-Keslar, DGS
- Isabel Guzman, GO-Biz
- Matt Henigan, Governor's Office
- Danetta Jackson, DGS

- Carl Josephson, DGS
- Danielle Knaus, State Water Resources Board
- Araceli Mohseni, DGS
- Elizabeth Perez, CalVet
- Daniel Rosinsky-Larsson, DGS
- Patricia Silva, SB/DVBE Liaison, Caltrans District 2 (by phone)
- Rhonda Smith, DGS
- Josh Wallman, DGS
- Matt Zweier, DGS

Introduction of New Members and Attendees – Angela Shell

- Angela Shell introduced government representatives and new members to the council.

Approval of Meeting Minutes – Angela Shell

- Julian Canete motioned to accept the meeting minutes from March 6, 2019. Betty Jo Toccoli seconded the motion. None opposed. The motion carried.

Past/Current Action Items – Angela Shell

- All six action items from the previous meeting were completed:
 - Set agenda topic to discuss DVBE Incentives: The DGS Contracts unit was invited to present at this June 26 meeting on DVBE Incentives and DVBE contract goal requirements.
 - Request that the SB/DVBE Advocate link be featured prominently on the PD home page and possibly on the DGS home page: The link is featured on the PD home page rotating banner.
 - Invite CMAS to provide an update on any program changes: The DGS CMAS unit was invited to present at this June 26 meeting
 - Send out links to Governor Newsom’s executive orders that pertain to DGS. Links to the executive orders were emailed to all council members.
 - DGS Graphic Designer will develop flyer in collaboration with the SBAC Processes Committee for the SB/DVBE First Policy: The SB/DVBE First Policy flyer will be presented at this June 26 meeting by Rachel Fischer. Copies were distributed to all members in attendance, and a copy has been posted on [Small Business \(SB\)/Disabled Veteran Business Enterprise \(DVBE\) Best Practices for State Departments](#).
 - Request links be posted of new “Look-Ahead Reports” on the DGS website under “What Departments Are Buying” and will be updated as departments respond to our requests.
- The FY 2017-18 CAR has been posted to the DGS website and sent to all SBAC members.
- The microbusiness designation has been added to the “How to Do Business with California Government” brochure as requested; the updated brochure is available on the DGS website and the link was shared with all SBAC members.

Legislative Update – Jordan Aquino

Disclaimer: DGS does not have an approved position on any of these bills and as a result, DGS cannot share its concerns about these bills or what position DGS will take.

SB/DVBE programs:

- AB 230: Requires that prime contractors be certified and provide proof of payment to DVBE subcontractors; DGS must verify conditions for DVBE subcontractor substitutions
- AB 1808: would have codified the 25-percent Small Business goal, but this language was redacted in appropriations. The bill is now related only to the state buying of carpet
- AB 1809: Provision to increase the threshold for the SB/DVBE Option from \$250,000 to \$500,000, but only for services and IT goods
- SB 588: Creates a penalty for any prime contractor who does not submit needed certifications, beginning first with a 5-year ban from state contracting; subsequently with a permanent ban

Preferences:

- AB 625: State contracting for public transit services and collection of solid waste; would expand a 10-percent preference to bidders who commit to retain the existing staff of a contract for up to 90 days
- AB 1533, enrolled: Existing law allows local jurisdictions to have preferences; this bill expands that law to San Joaquin County

New Requirements:

- AB 572: California Deforestation-Free Procurement Act; would require DGS to adopt a policy related to commodities that may cause deforestation; vendors must

certify that they are not selling products to the state that cause deforestation

- AB 971: Requires post-evaluation of any IT Service Contractor; would allow a contractor to respond to a negative evaluation by DGS
- SB 749: For the Public Records Request Act, would make records prepared, owned, used, or retained by the state related to contractors' wages, working hours, and other terms and conditions of a contract not a trade secret. Personally identifying information would not be made public

Other Bills of Interest:

- AB 23: Creates within GO-Biz the Deputy of Business and Workforce Coordination to coordinate with public and private workforce development entities to determine if existing programs address the needs of small businesses and engage in promotion of workforce training programs
- AB 308: Reinstate the \$800 annual tax and minimum franchise tax exemption for LLCs or corporations solely owned by a deployed member of the armed forces
- SB 483: Would create a definition for government code of the term "California family-owned businesses"

Questions:

- All bills have moved to the second assembly body, but Jordan does not know if they have been assigned to committees.
- AB 1809 is now with Committee Chair Cervantes.
- A request to add SB 534, addressing insurance diversity funding for minority,

- women, disabled veterans, and the LGBT community, to the legislative update.
- AB 230 is currently assigned to committee, and there is still time for modifications to its text. AB 230 focuses on reporting subcontractor usage.
- William Osgood suggested to track AB 498, which addresses business license fees.
- Betty Jo Toccoli suggested to track SB 349, which would make the \$800 minimum franchise tax a sliding scale.

GO-Biz Update – Isabel Guzman

- Isabel Guzman addressed perceived strengths and weaknesses of California’s economy in relation to the state’s budget, as well as actions and goals of her office, including:
 - Launch of an entrepreneurship task force to identify issues that entrepreneurs face and implement recommendations
 - Working with SBDCs to reach small businesses more effectively
 - Working with almost 90 grantees throughout the state to address issues that small businesses face
 - Increasing engagement with liaisons in state agencies to work through regulatory barriers to access capital and markets
- Paul Guerrero suggested that the governor could try to have all state-funded contracts, including grants, include language that would include a goal for small business participation. Paul indicated a lot of money is provided to public entities in the form of grants and no goals are applied.
- Isabel Guzman’s office will look into late payments past the 45-day terms.
- Charlotta Carter addressed her concern as a small business that prime contractors rarely want to work with her company as a subcontractor and asked what is being done to address prime contractors who receive tax revenue but outsource their IT services.
- Justin Adams asked whether GO-Biz has taken position on legislation regarding the gig economy. GO-Biz does not take positions on legislation, but is tracking the issue.

CalVet Update – Elizabeth Perez

- Elizabeth Perez addressed changes that occurred since taking her role from Deputy Secretary Boylan, including working with DGS to address the DVBE audit by the State Auditor’s Office:
 - A new DVBE enhancement plan to make the DVBE program work better
 - Examining buying habits of state departments
 - Meetings, in coordination with DGS, to develop a plan with agencies that need to or want to increase their DVBE participation
 - Meetings with DGS to review past efforts to improve DVBE participation
 - Including advocates from targeted state agencies to meet with procurement teams at the upcoming DVBE conference
 - Setting a goal for a more diversified DVBE council, including minority-based chambers
 - Setting a goal to increase the number of DVBEs in rural areas

- Planning to create succession planning workshops for both families and businesses with retiring disabled veteran owners/operators

Update on Executive Orders – Angela Shell

- Angela Shell stated DGS has met the requirements in the executive order on purchasing for pharmaceuticals, which was to draft and send reports to the Governor’s Office. After the governor reviews the reports, there may be opportunities for DGS to take down the cost of pharmaceuticals.
- On the RFI2 proposal, proposed concept papers have been received for wildfire detection solutions. The Procurement Division, CDT and CalFire are looking to enter proof of concept contracts with vendors to test their concepts in wildfire season.

DVBE Incentives and DVBE Contract Goals – Carol Bangs

- Carol Bangs reviewed statewide contracts for goods and services through leveraged procurement agreements (LPAs) and master service agreements (MSAs), and actions her office is taking to increase the pool of DVBEs, including:
 - Placing more CUFs in contracts for DVBE participation as subcontractors
 - Expand knowledge of DVBEs able to perform CUF to primes and buyers
 - Contacting DVBEs to expand awareness of LPAs and notifications when solicitations are released for bidding
 - Put line items in contracts so that smaller DVBEs have access to become prime contractors in commodity contracts
 - Increase advertisement of upcoming solicitations, which is available on the “How to do business with the state” website
 - Include in the State Contracts Index Listing if extensions of contracts are possible
 - Include links in the State Contracts Index Listing to the state contracts register
- Araceli Mohseni reported that DGS has contacted and followed up with departments to submit look-ahead reports.
- Angela Shell stated that procurement rules mandate posting advertisements for contracts over \$50,000 on the contracts register.
- Vendor ads on Cal eProcure are an option for subcontractors to advertise to indicate interest in participating on a project, both for large contracts and individual procurements.
- Departments go through an internal waiver process to decide whether or not to include a DVBE incentive in a contract; however, the use of DVBEs for at least 3 percent of the work is required by law.

California Multiple Award Schedule (CMAS) Overview – Andrew Reel

- Andrew Reel stated that CMAS must have been awarded previously on a federal GSA schedule; the schedules cannot be protested, per California code. CMAS suppliers can offer prices lower, but not higher, than the GSA schedule. CMAS can be used by any CA government body. The website allows one to apply for or view existing CMAS.
- Bryan Dugger can be contacted for any questions/help with CMAS program.
- Angela Shell noted that CMAS applications were now being processed within 4 days.
- Don Stoneham mentioned that applying for CMAS used to be burdensome and difficult to participate in, but is now easier and recommends that everyone get involved.
- Angela Shell clarified that the CMAS limit depends on each department's purchasing authority, which varies. It is incumbent on each department to know what their purchasing authority is. DGS is working to make its purchasing authority documents ADA compliant; they will be uploaded on the website once completed.
- Charlotta Carter asked why CMAS required a reference check for contracts, and suggested it would remove barriers for small businesses if it did not. This was added as an action item.

Construction Committee Updates – Jerry Bircher

- The committee presented a document that could be used as a template for DGS and other departments to use for auditing CUF compliance in contracts.
- The committee has provided guidelines on 16 forms related to CUF.
- The committee suggests there be an increase of awareness of CUF violation penalties.
- Development of a universal CUF form was placed as an action item.
- As a second action item, the committee suggests random audits for verification of CUF.
- As a third action item, a report of statistics and complaints regarding CUF compliance and the number of businesses in violation of CUF should be posted on the DGS website.
- Reporting CUF violations should be available without fear of retribution from the state buyers.

Outreach and Education Committee Updates – Julian Canete

- The Outreach and Education subcommittee requests new members.
- The committee is focusing on:
 - Putting the 25-percent small business participation goal into code
 - Analyzing how DGS can use technology more effectively to make small businesses aware of contracting opportunities
 - Creating a definition of “small business” for all departments

Processes Committee Updates – Rachel Fischer

- The Processes Committee has edited a flyer created by DGS regarding the SB/DVBE-first policy; the final version was posted on the website. Most items from the past strategic

planning session have been completed; committee members will be considering new goals in the next meeting. The Processes Committee also invites others interested in joining to email Rachel.

New Action Items

1. Add the following bills to the legislative updates: AB 498, SB 349, and SB 534
2. Problem getting paid on time the 45 days has gone by the wayside – Chris Chavez suggested that something be looked into regarding prompt payment
3. Charlotta Carter - What are we doing to address the outsourcing issue?
4. MSAs require previous reference checks for each contract even if certified. CMAS doesn't require it. Should follow the CMAS model.
5. Develop a Universal CUF form
6. Put together a program to conduct random audits on CUF verification; audit monthly or quarterly
7. Statistics on complaints audited should be compiled in a report and posted on the DGS website
8. Araceli will share CUF committee handouts
 - Paul Guerrero mentioned that the government code places a 45-day limit for payments, while contracting code provides for 30 days, with different interest rate penalties.
 - Angela Shell responded to a question about the percentage of work used by subcontractors for functions such as project management. CUF compliance depends on the laws surrounding the individual procurement.

Public Comment

- Angela asked if anyone wanted to provide a public comment. None commented.
- Betty Jo Toccoli and William Osgood presented a leadership award for excellence and innovation to Angel Carrera on behalf of the Small Business Association and US Veterans Business Alliance. Angel Carrera stated that he plans to retire before the end of the year, after more than 40 years of public service, although he has not determined a date. He plans to attend the next small business advisory council meeting.

Next Meeting Location

- The next meeting will be held September 4, 2019. Members will email their preference to hold the meeting in Northern or Southern California to Araceli Mohseni, who will inform council members of the meeting location.

Meeting Adjourned

- Jerry Bircher moved to adjourn the meeting. William Osgood seconded the motion. The meeting adjourned at 12:00 p.m.