



California Department of General Services (DGS)

Small Business Advisory Council (SBAC) Meeting Minutes

Date: July 14, 2021

Time: 1 – 4 p.m.

Location: Zoom

Meeting Facilitator: Angela Shell, DGS SBAC Co-Chair

Recorder: Norma Curiel, OSDS Certification Officer

The regular quarterly meeting of the DGS SBAC was called to order by Co-Chair Angela Shell at 1:03 p.m. Attendance was taken; a quorum was present.

Meeting Minutes and Past Action Items

The council voted without objection to approve the meeting minutes from the previous meeting. Leslie Fritz, OSDS Business Outreach Liaison reviewed the status of past action items:

1. Share Jordan Aquino's legislative update to SBAC members (Status: shared by email)
2. Collect a report from the Processes Committee of the updates they presented at the council meeting so a follow-up meeting can be scheduled. (Status: collected by DGS)
3. Outreach committee is asked to share a list of barriers SB/DVBEs encounter to assist with creating training (Status: shared with DGS)
4. Provide a list of state and federal certifications to SBAC members (Status: shared by email)
5. DGS will send an email reminder about receiving comments on the charter. (Status: Shared by email)
6. Send out diverse small business success video link. (Status: shared by email)

Carry Forward Item:

- The Committee SharePoint site: This action item is currently being evaluated by DGS IT and the DGS Office of Legal Services. Google Drive is now available for use as an interim, SBAC members are given access to use this platform.

Welcome DGS Director

DGS Director Anna Lasso, newly appointed by Governor Newsom, began her position in April 2021. Director Lasso shared her experience and background in the field of government, her upcoming goals for DGS and the small business and DVBE community. Council members asked Director Lasso various questions about protocol for sharing legislative information with her, what her emphasis regarding 8A (DBE) might be, making the process of small business contracting easier/more efficient to navigate, prompt payment, how to link cities and counties

with the state, the problem for small vendors using dual languages--UNSPSC and NAICS codes, and Commercially Useful Function issues as they relate to different business sectors.

Angela Shell, DGS Updates:

Angela Shell, Deputy Director, Procurement Division and DGS SBAC Co-Chair provided an update on DGS.

Updates/Reminders:

- The updated SBAC Charter is complete and available online.
- Participation of council members in their committees is encouraged for the committees to be successful and meet goals.
- The two-year Strategic Plan will end March 2022. Angela reminded the committee chairs and members to focus on the topics that were important when the committees were formed. Committees were asked to re-evaluate the timeframe on those important topics and assess if they can be accomplished in the two-year term. Also consider if the actions should be removed or if they need more time.
- Thank you to Savita Farooqui for providing the Google Drive option for sharing files with council members, both inside and across committees.
- The September 2021 SBAC meeting will be online due to the pandemic. The December meeting may be in-person depending on the pandemic, however attending online through Zoom will continue to be an option for each meeting.
- The fiscal year ended June 30, 2021. The current fiscal year offers a new budget. The state will be able to spend shortly and have more contracts available.
- Procurement Division (PD) is putting together a two-year strategic plan to address small business concerns.
- DGS is working with FI\$Cal to implement a new system to publicly show vendor payments, allowing for more transparency. Some individual departments can and do make this information publicly available, and this system will do so for the entire state. DGS expects this to take a few months to implement.

CalVet Update:

Keith Boylan, Deputy Secretary for CalVet and Advocate for the DVBE program, explained the DVBE program is currently analyzing a survey sent out in May 2021 to active DVBEs. The survey:

- Was distributed to 2057 active DVBEs.
- 504 DVBE firms completed the survey.
- Example survey results include challenges with contacting advocates and connecting with IT.

CalVet has partnered with DGS Outreach to share CalVet resources with departments who have not met their SB/DVBE goals. Agency visit activities included:

- Meeting with department representatives in one-on-one visits with DGS Outreach.
- Presenting CalVet resources during the OSDS Best Practices Webinars scheduled with DGS PD the third week of July 2021.

The DVBE Advisory Council work will include offering information to the DVBE community. The program is called “Request for Response” and to date 91 inquiries have been submitted. These inquiries have been grouped into theme areas and allow CalVet to focus on addressing the top five requested areas.

Deputy Secretary Boylan introduced Rene Cota as the Co-Chair for the DVBE Advisory Council.

Governor’s Office of Business and Economic Development (GO-Biz) Update:

Tara Lynn Gray, Director, Office of the Small Business Advocate, Governor’s Office of Business and Economic Development (GO-Biz) provided an overview of her department. Director Gray was appointed by Governor Newsom on March 19, 2021. The Go-Biz office supports economic growth in California and has four strategic objectives:

- Serve as a resource provider
- Serve as advocates for small business (serving as the voice of small business across the state)
- Advance resilience and support disaster recovery
- Advance economic mobility (aiming to close economic, social and policy barriers)

Director Gray explained Go-Biz has completed five rounds of the Covid-19 Relief Grant, providing over \$1.7 billion. Rounds 1 through 5 are complete. Round 6 is in the awarding phase now and will be complete mid-August 2021. Funding has been awarded to 155,471 small businesses and non-profits as of July 7, 2021. Expectations are that 220,000 small business will be awarded in total.

Director Gray also reported on the recently signed budget by Governor Newsom and announced additional funding of \$1.5 billion for the Covid-19 relief grant program, allowing an additional three rounds of funding (two closed and one final open round).

Additional information:

- \$35 million is allocated to the CA Dream Fund (creates capital for start-ups)
- Relaunch of the IHub program (IHubSquared Innovation Hub Program)
- Live venue grant program (closes financial gaps for live venue operators)
- \$50 million micro business grant for small businesses with less than five employees and less than \$50,000 in annual revenue
- \$50 million allocated to the Non-Profit Performing Arts Workforce Development Grant

Legislative Update:

Ken DeVore, DGS Legislative Analyst, stated that small businesses and DVBEs are high priority in the state. Ken provided an update and a high-level review on the current bills in consideration by CA Legislators.

DGS is following:

[AB 349 \(Holden\) – Small Businesses: Contracting: Outreach: Underrepresented Groups](#)

This bill would require state agencies publish or otherwise make available information regarding public notice of contracts to ensure that all communities have access to the public notice. This would include statewide and local newspapers, radio, television, etc. The bill is currently in the Senate Transportation Committee.

[AB 416 \(Kalra\) – California Deforestation-Free Procurement Act](#)

This bill would require every contract that includes procurement of any product comprised wholly or in part of a forest-risk commodity to require that the contractor certify that the commodity furnished to the state pursuant to the contract was not grown, derived, harvested, reared, or produced on land where tropical deforestation or boreal intact forest degradation or deforestation occurred. The bill is currently in the Senate Governmental Organization Committee.

[AB 915 \(Chiu\) – Small and Disadvantaged Business Enterprises](#)

This bill would codify the 25 percent SB participation goal and directs DGS to monitor the progress of all agencies, departments, boards and commissions towards meeting the 25 percent SB participation goal. It would also establish “Disadvantaged Business Enterprises” (DBE) as a state category of small business for the purposes of state contracting. The bill is currently in the Senate Business, Professions, and Economic Development Committee.

[AB 1072 \(Reyes\) – Small Businesses: Technical Assistance: Public Contracts](#)

This bill would relocate the California Small Business Technical Assistance Expansion Program from GO-Biz to the Office of Small Business Advocate. It would require the DGS’ small business advocate to assist state agencies in improving small business and disadvantaged business enterprise (DBE) procurement participation. The bill is currently in the Senate Appropriations Committee.

[SB 1574 \(JEDE Committee\) – Small Business Liaisons and Disabled Veteran Business Enterprises: Public Contracts](#)

This bill would enact the Leveraging State Procurement for an Inclusive Economic Recovery Act of 2021. It makes various changes to California’s certified SB, DVBE, and TACPA programs. It authorizes any public prosecutor to bring a civil action for a violation involving a knowingly fraudulent misrepresentation. It creates two more small business designations under the Small

Business Procurement and Contracting Act (SBPCA): “limited contracting small business enterprise” and “new small business enterprise.” The bill is currently in the Senate Appropriations Committee.

SB 430 (Borgeas) – Small Businesses: Reduction or Waiver of Civil Penalties for Violation of Regulations or Statutes

This bill would require state agencies to establish a policy that provides for the reduction or waiver of civil penalties for a violation of a regulatory or statutory requirement by a small business if the violation did not involve willful or criminal conduct and did not pose a serious health, safety, or environmental threat. This is a two-year bill and is currently in the Senate Appropriations Committee.

CMAS Portal Demonstration:

Katelynne Leisenring presented a brief overview and demonstration of the new CMAS web portal. The portal gives electronic access to CMAS application status and agreements that have been supplemented or renewed. It will provide access to purchase orders for agencies, both local and state. It also includes a vendor-pay function for businesses purchasing a local report from DGS. There is a knowledge base area for user assistance and help text. Katelynne recommends using the ‘ask a question’ feature when learning the portal functionality. A new component for quarterly reports is still in testing.

The CMAS web portal updates automatically daily at 2 a.m. This new portal has taken the place of paper applications. Hundreds of vendors can be found by not only DGS, but all state departments. This process is less restrictive than a full competitive process.

Access Link: <https://www.dgsapps.dgs.ca.gov/PD/CMASSearch/>

Acquisitions Update:

Christina Nunez, Manager, Contracts Section, reported on Leverage Procurement Agreements (LPA) established by DGS that leverages state buying power for purchasing products and/or services. Christina presented a list of LPAs currently on the DGS website. This list is updated every 1-2 weeks. Christina provided examples of the current LPA contracts such as Chevrolet Auto Parts and enforcement vehicles. Master Service Agreements (MSA) are also included on the list of upcoming solicitations. MSA contract examples include IT services and disaster debris removal services. DGS solicitations are available on the portal 1-2 months prior to release so bidders can prepare. Most solicitations for statewide contracts include the SB preference and DVBE incentive.

SBAC Committees’ Updates:

Shaila Rao Mistry, Chair, Processes Committee:

Processes Committee Chair Shaila Rao Mistry presented recommendations in writing for two programs: office hours and matchmaking. Presentation data included: estimated recovery projection by industry in the U.S., and business activity and loss trends comparing U.S. to California. The Processes Committee's seven priorities were reviewed.

The committee will focus and work on the following priorities: Cal eProcure accessibility, CMAS user-friendly accessibility, annual contracts (including breakdowns), UNSPSC challenges, adoption of a statewide SB/DVBE First Policy, Prompt Payment and the 80% Rule.

Two programs were recommended:

1. Office Hours: objectives include providing information and technical assistance, providing procurement officers at DGS, building links with the business community.
Format: Set a weekly time of two hours, alternate monthly time slots, appointments online in blocks of 15-30 minutes, cover several categories of issues, and longer appointments offered and/or just call in for same day.
2. Matchmaking Events: The first event can be used to kick off the Office Hours Program by providing one-on-one consultations in 20-minute time slots with key procurement officers from DGS, different primes and agencies or other Small Businesses and require key marketing to all segments of the community.

The report listed the benefits expected from the two recommended programs—Office Hours and Matchmaking. It was stated that three areas were key for all DGS SBAC suppliers. The areas suggested were commitment (time, resources, vision, goals), expertise (CMAS, Cal eProcure, Prompt Pay, procurement), and marketing (website presence, inclusivity to all communities, online chat).

Jay King, Chair, Outreach and Education/Legislation Committee:

This committee presented on procurement barriers associated with small micro businesses using a case study. The case study examines a procurement in which a micro business was initially slated to win the procurement based on early scores in the review process but, toward the end of the process, ended up losing to a business with more experience in state contracting. Mandatory qualifications were also discussed as a barrier for micro businesses new to state contracting.

To remedy such issues, the committee discussed:

- Recap on the Significant disadvantages for new businesses and recommendations:
 - For Leveraged Procurement Agreement (LPA) Solicitations (CMAS, MSA, etc.), Invite only micro businesses who have not won contracts with the state in the last three years to keep the competition solely between newer firms.
 - Increase prime contractor accountability and engagement, such as Mentor Protégé Programs and re-evaluate some of the mandatory qualifications that

could be phased-in or are still relevant to inadvertently limit completion to only firms with prior state contracting experience.

- New firms could gain state experience and be able to handle larger contracts.

Phil Vermeulen, Chair, CUF Committee:

Phil Vermeulen shared a letter that sums up the committee's objective for AB 1574. The bill is with the Senate Appropriations Committee, currently on Consent. This bill currently deals with CUF violations involving DVBEs, but the bill's authors plan to expand the bill to include SBs. The bill also empowers public prosecutors to pursue action against CUF violators and establishes penalty of perjury clauses for CUF claims made by contractors. DGS is named in the bill in relation to public prosecutors' abilities to take action against CUF violators. The Legislature is going on a summer break beginning July 16, 2021. When they return, this bill will go to the Senate floor for multiple readings and amendments prior to approval by the Governor. It is expected that the bill will be signed.

OSDS Branch Updates:

Demeshia Swanson, Certification Manager, reported that OSDS Certification:

- Is working on revising the SB and DVBE regulations due to recently passed legislation.
- A public hearing will be held in September.

Matt Zweier, Outreach Manager, reported on OSDS Outreach activities:

- Agency Visits
 - At the end of each fiscal year, agency visits are conducted with departments that failed to meet one or both SB and DVBE participation goals. OSDS has finished those visits and is putting on two webinars for state buyers the third week in July. The focus with agency visits is on emergency purchases and obstacles faced during the pandemic.
- LinkedIn
 - OSDS has launched a LinkedIn page. Connect with OSDS and promote it within your organization. We will use it to provide more information and outreach opportunities to the SB/DVBE community.
- State Agency Recognition Awards (SARA)
 - This year, the SARA Ceremony was prerecorded. The ceremony aired on April 28, 2021 on YouTube. Please watch the ceremony if you have not already done so.
- SB/DVBE Emergency Registry
 - OSDS is working with PD and IT to create a registry of certified SBs and DVBEs to provide goods and services during an emergency. The emergency registry project has an estimated competition date of September 2021. We will share more with you in the future.
- Upcoming events/webinars:

- California Small Business Day – August 18, 2021. This is Council Member Betty Jo Toccoli’s event. DGS will be in attendance.
- A new webinar titled “Next Steps to Contracting with the State of California” will be held on an ongoing basis for businesses who requested additional help in the post-certification survey on Cal eProcure. This webinar educates those businesses about the next steps they can take to be successful in contracting with the state and is by invite only.
- Upcoming event series planned with the LA Latino Chamber of Commerce, Caltrans, Inland-Empire SBDC, and more. Our event schedule is ever-changing and located at www.dgs.ca.gov/PD/Events.

Review of New Action Items:

Leslie Fritz, OSDS Business Outreach Liaison, reviewed the new action items created by the discussion at this meeting. They are:

1. DGS will remind council members to use the Google Drive set up by Savita Farooqui.
2. DGS will provide the link to the new CMAS portal to the council members.
3. The Processes Committee requested a CMAS representative attend their next committee meeting to further present on CMAS. They will connect with OSDS to make arrangements.
4. The Processes and Outreach, Education & Legislation Committees will share their PowerPoint presentations from this meeting with DGS.
5. DGS requested council members follow and share the new OSDS LinkedIn page.

Carry forward action item:

1. The Committee SharePoint site - This action item is currently being evaluated by DGS IT and the DGS Office of Legal Services.

Public Comment:

- Phil Williams, a small business owner, shared that he thinks the council is going in the right direction. He agrees that a mentoring and protégé program is a great idea and helps small businesses navigate procurement, connect with prime contractors, and access resources.
- Paul expressed that when working with prime contractors that are big businesses, the person that issues payment is different than the person who tries to find the lowest bid. Because these are two separate people, Paul argues there is less risk to a small business subcontractor suing a prime contractor for failing to make payment.

Adjournment:

The next meeting is scheduled for September 8, 2021 at 1 p.m. A motion to adjourn was received and seconded; the council adjourned at 4:00 p.m.