



## California Department of General Services (DGS)

### Small Business Advisory Council (SBAC) Meeting Minutes

**Date:** Wednesday, December 6, 2023

**Time:** 1:00 p.m. – 4:00 p.m.

**Location:** The Ziggurat – 707 3<sup>rd</sup> Street, West Sacramento, CA 95605 and Zoom

**Meeting Facilitator:** Angela Shell, Deputy Director, DGS SBAC Co-Chair

**Recorder:** Mariela Medina, Office of Small Business and DVBE Services (OSDS)  
Bilingual Business Outreach Liaison

The regular quarterly meeting of the DGS SBAC was called to order by Co-Chair Angela Shell at 1:04 p.m. Attendance was taken; a quorum was present.

### Meeting Minutes and Past Action Items

---

A motion was made by Phil Vermeulen and seconded by Lori Kammerer to approve the September 6, 2023, meeting minutes. The motion passed without objection.

Matt Zweier, OSDS Business Outreach Manager, reviewed last meeting's Action Items. The status of all Action Items was reported as completed.

1. Send meeting presentation, including Carol bang's slides.
2. Send link to Cal OSBA [newsletter subscription link](#).
3. Provide council members link for [California Grants Portal](#).
4. Provide council members link to the [California State Assembly Committee on Jobs, Economic Development, and the Economy \(JEDE\)](#).
5. OSDS to give demonstration on the [Statewide Procurement Data Dashboards](#) at the December 6, 2023 meeting.

### DGS Updates

---

Angela Shell, Deputy Director, Procurement Division (PD) provided an update and reminders on DGS activity:

1. Generative Artificial Technology ([GenAI Executive Order N-12-23](#)) executive order was issued September 6, 2023, specific to the State's processes around generative artificial intelligence. The executive order calls for California to study the development, uses and risks of AI technology statewide, and develop a deliberative and responsible process for evaluation and deployment of AI within

state government. The executive order requires specific deliverables for various state departments over the course of the next year and half and strives to ensure departments are not producing data that is not factual or could be discriminatory or harmful to California. The following are relevant items:

- a. A report on the risks and benefits associated with GenAI was published on the government operations website and will be sent to council members. It covers the capacity of GenAI and how the state will look at it.
  - b. DGS and Department of Technology will create procurement guidelines around the use and procurement of GenAI with the intention of serving as internal guidance for state departments. A draft is planned to go to the administration sometime in January. The final document is expected around end of January.
  - c. Secure vendors to participate in a pilot program of GenAI tools within the CA Department of Technology for use on a handful of procurements. Participating vendors will be selected from a Request For Innovative Ideas 2 (RFI2).
  - d. The RFI2 solicitation will be available on Cal eProcure. DGS and Department of Technology have the authority to use it.
  - e. DGS will work on IT Terms and Conditions throughout 2024 to release a set of standard Terms and Conditions related to GenAI in January 2025.
  - f. The RFI2 solicitation will be promoted on social media platforms and through Gov Delivery.
2. We continue to close out the DGS current 2-year strategic plan, mainly with the development of training courses for certified SBs and DVBEs.
  3. We expect to post Standard IT Terms and Conditions, not including the update related to GenAI, on the DGS website this month for comment. Responses will be collected and when available sent to the SBAC to submit member comments.
  4. Procurement –
    - a. Statewide Disparity Study RFP solicitation is closed. It is urgent to begin by January since the statute gives us only a year. Participation by SBAC members is expected.
      - i. The vendor will contact members regarding Qualitative Assessment, which will include interviews with businesses.
      - ii. The RFP had a SB participation goal of 10% and a DVBE incentive.
    - b. Proposals on human-centered designed DGS procurement communications have been submitted. The contract includes interviews with diverse businesses, SBs and DVBEs. The contract is meant to allow a review and evaluation of how DGS communicates with its audiences.
  5. Reminders –
    - a. Committees-
      - i. Wrap up your 2-year recommendations. Tasks must be closed out before the March meeting.
      - ii. Committee and chair selections will occur during the March 6, 2024, meeting.
      - iii. The council will review the charter and expectations of chairs and members for full participation and support.

- b. The Economic Impact Study Survey was sent to all members by email and through Gov Delivery. This is a critical report that was last conducted in 2009. Please complete the survey if you haven't already. The survey link has been resent to members. You may also access the link here:  
<https://www.surveymonkey.com/r/notdobus>

## **2021-2023 Passed Legislation Impacting SB/DVBE**

1. AB 1574 – Leveraging State Procurement for an Inclusive Economic Recovery Act of 2021
  - a. Requires all state departments to make continuous efforts to expand the SB/Micro/DVBE pool of bidders and to regularly seek and include in solicitations SB/Micro that have not been used at all by the state or previously by the state department issuing the solicitation.
2. AB 2019 – State Contracts: Small Business Enterprises
  - a. Requires all state departments to establish a minimum of 25% SB participation goal in their annual overall state contracting spend.
  - b. Does not require a 25% goal on every state contract.
3. AB 2974 – SB and Federal Infrastructure Investment and Jobs Act (IIJA)
  - a. Requires each state department receiving federal IIJA funds to set a 25% SB participation goal on each fully or partially IIJA-funded contract exceeding \$500,000.
4. AB 258 – Small Business Information Act: Internet Web Portal
  - a. Requires DGS to provide a webpage that includes links to other state certification programs such as Caltrans Disadvantaged Business Enterprise Certification program and CPUC Diverse Business Certification and Cal eProcure directories of certified businesses.

### **Member Questions or Comments**

Member: Is the State giving the same level of focus to cyber security that it is giving GenAI?

Reply: Yes, we are looking at all levels of security. It is the reason we are doing the Sandbox, and setting up a specific state environment for vendors to come in to see how things operate. The pilots will also give us a great opportunity to find gaps that need to be addressed.

Member: AB 1574 “included solicitations SB/micro have not been used previously...” On both committees I am on, I do not think the committees can do anything to achieve this. Have we made any progress on getting agencies to look at only new businesses?

Reply: We are beginning to look at data about what departments are doing around AB1574. We are also looking at who is getting awarded contracts and are we seeing an increase in new SBs, new SBs that recently got certified, and existing SBs.

Member: AB 2019 made 25% goal into statute, but weren't most departments already reaching that goal? I think the confusion was about the 25% applying to each contract.

Reply: Which departments achieve the goal vary from year to year due to the type of contracts they have on any given year. Some departments have the same large contracts every year, such as maintenance, and others do not. This just started January 1, 2023, so it is only halfway into the fiscal year. We now also have the ability to penalize departments that are not meeting the 25% requirement for three out of the next five years.

Member: From the Outreach committee, we are concerned that the 25% goal only applies to the state as a whole but not each department.

Reply: That is incorrect, each department/agency must meet a 25% goal annually, as well as the state as a whole.

Member: It would be great to have someone speak about whether the state is meeting the AB 1574 goal.

Member: How much can council members share about AB 1574?

Reply: It is public information. It can all be shared.

## **CalVet Updates**

---

Jamie Jones, Chief of Veteran and Community Engagement, Veteran Services for CalVet, provided the following updates:

1. Newly appointed Deputy Secretary Robert Herrera, appointed by Governor Newsom on October 10, 2023, has been with CalVet since 2014.
2. CalVet's DVBE Council took a hiatus for Veteran's Day, Thanksgiving and Christmas, and will resume meetings in January 2024.

Upcoming procurement opportunities- Veteran's Housing and Homelessness Prevention Program (VHHP)

1. In 2014, Prop 1 was passed, creating the VHPP. It made \$600 million available to build affordable multi-family housing for veterans.
2. In the next year there will be about \$23 million in expected DVBE utilization for these contracts.
3. CalVet built in a 5% DVBE requirement.
4. Any questions regarding the VHHP program can be directed to CalVet staff.

## **No Member Questions or Comments**

## **Governor's Office of Business and Economic Development (GO-Biz)/CalOSBA Update**

---

Chris Earl, Assistant Deputy Director & Southern California Regional Advisor, California Office of the Small Business Advocate (CalOSBA), provided the following updates:

### **Small Agricultural Business Drought & Flood Program**

1. \$70 million to assist qualified small agricultural businesses adversely impacted by severe drought in 2022 and \$20 million for flood damage occurring in 2023 (Assembly Bill 157). Impacted businesses may apply for grants from both programs. Application deadline extended to **1/15/2024**. Learn more [here](#). [www.agdroughtrelief.org](http://www.agdroughtrelief.org)

### **Technical Assistance for Capital Readiness Program**

1. American Rescue Plan Act of 2021 reauthorized the State Small Business Credit Initiative (SSBCI)
2. Under SSBCI 2.0, the U.S. Treasury approved CalOSBA to receive \$25.3 million to expand capital-readiness support for microbusinesses and underserved entrepreneurs to obtain loans more easily and directly from traditional lenders, Financial Development Corporations and CDFIs. The network will roll out in 2024 and is anticipated to help unlock \$1B in new loans over five years.
3. SSBCI also awarded California \$1.2 billion to support existing credit enhancement programs from [IBank](#) and the [California Pollution Control Financing Authority](#), part of the California State Treasurer's Office.
4. IBank used \$200M of this funding to create California's first state-funded [venture capital program](#).
5. CalOSBA Technical Assistance Capital Readiness Program RFP went live on 11/17/2023 and closed on 12/22/2023. Learn more [here](#).

### **Business Support Ecosystem Development**

#### Accelerate California Inclusive Innovation Hubs

1. \$13 million approved in FY 2022-23 to expand from ten to thirteen hubs and add \$6.5 million in Acceleration Grants to spur high-growth industries (Senate Bill 193).
2. Round 3 RFP for **Inland Empire** open until 12/18/2023. Learn more [here](#).

### **California Regional Initiative for Social Enterprises (RISE)**

1. \$25 million to support social enterprises whose mission is to accelerate economic mobility and inclusion for individuals experiencing employment barriers; grants from \$250K - \$500K per award (Senate Bill 193). Pre-application window has closed. Learn more [here](#)

### **Member Questions and Comments:**

Member: Are all these funds going to non-profits or are they for-profit organizations?

Reply: Our programs for the most part support non-profits, but both can apply.

### **Legislative Update**

---

Matt Bender, Deputy Director of the DGS Office of Legislative Affairs, provided the following legislative updates:

1. It was a very light year for small business legislative work.
2. I wanted to highlight [AB 258-Reyes](#) which requires DGS to create a webpage with links to databases of state certified vendors and notify agencies to utilize this resource to help them meet the 25% SB goal.

### **Member Questions or Comments**

Member: When legislation comes up, can we have a short summary of that and how it affects SBs?

Reply: We will work with PD on that.

Member: In the Outreach committee, we have been trying to create an incubator program for SBs. This will require legislative action, but we do not know how to pursue this. How can we get something into the legislative pipeline to address one of the concerns we have in the committees?

Reply: The legislature does not know you have a problem until you tell them. Your first step is to go to your local legislator and talk to them about your problem. It is helpful if you can also offer solutions. Winter is a good time of year to do outreach to legislative offices to suggest bill ideas.

Member: Can you provide us with a list of the relevant committees in the California state Assembly and Senate, and who is on those committees?

Reply: There are a few changes happening at the time, but we can get this information to you after this meeting.

### **Procurement Update**

---

Chistina Nunez, Contracts Manager, Procurement Division, Department of General Services, provided the following updates:

Upcoming Solicitations- [Statewide](#)

1. Enterprise Technology, SB Preference, [Event ID 0000028998](#)
2. Electric Vehicle Supply Equipment (EVSE), upcoming
3. Paper, Newsprint and Carbonless, upcoming
4. Traffic Cones, upcoming
5. Toner/Ink Cartridges, RFI, [Event ID 0000029448](#)
6. Setina Push Bumpers, upcoming
7. Traffic Control Modules, upcoming
8. Attenuators, upcoming
9. SCBA Compressors, upcoming
10. Frozen Fully-Cooked Halal Meats, upcoming
11. Frozen Potato, upcoming
12. Sugar, upcoming
13. Beverage Base, upcoming
14. Dehydrated Potatoes, upcoming
15. Potato/Corn Chips, Pretzels, and Snack Items, upcoming

16. Bulk Grains, SB Preference, [Event ID 0000029435](#)

Upcoming Solicitations- Master Agreement

1. Uniform laundry Services, Upcoming

Awards Page - We post all contracts that we award. We post the Intent to Award on the LPAs on the DGS procurement division website.

Recently Awarded:

1. Condiments – **SB prime**
2. Frozen Vegetables – **SB prime**
3. Gelatin – **SB prime**
4. Dried Legumes – **SB prime**
5. Cheese – **SB prime**
6. Grill Oil – **SB prime**
7. Pasta – **SB prime**
8. Sheets and Pillowcases
9. Zero-Emission School Buses
10. Emergency Sleeping Cabins
11. Office Moving Services – **9 of 15 awardees SB, 1 SB/DVBE**

**No Member Questions and Comments**

### **DGS Dashboard Demonstration**

---

Alan Moreno, Manager, Intake and Analysis Unit, PD Policy, Training & Customer Service

Demo of two state procurement dashboards:

1. Go to [www.dgs.ca.gov](http://www.dgs.ca.gov).
2. In the search bar type “dashboard.”
3. Click on the first link “Statewide Procurement Data Dashboards.”
4. Scroll down to see the six “Featured dashboards.”
  - a. Department Spend
  - b. United Nations Standard Products and Services Code (UNSPSC) Spend
  - c. Leverage Procurement Agreement Spend
  - d. Top 10 Department Spend
  - e. Top 10 UNSPSC Spend
  - f. Certified SB/DVBE Spend Comparison

Demo 1 - UNSPSC Spend dashboard.

1. In the “Select Fiscal Year” drop down you can see spend of that UNSPSC for the selected year.
2. You can also search by UNSPSC code or UNSPSC description.

Demo 2 - Leverage Procurement Agreement Spend dashboard.

1. You can also search by fiscal year and Department (optional).
2. You can see spend broken down by acquisition type and UNSPSC category.

In the Certified SB/DVBE Spend Comparison Dashboard, you can see the number of contract dollars that went to certified businesses versus non-certified businesses for any state department.

This is the primary tool/way that businesses can analyze state purchasing history to see if the state buys their goods or services and, if so, what departments.

Resource: <https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Intake-and-Analysis-Unit-Dashboards>

## Member Questions and Comments

Member: Are there contracts that are not in here?

Reply: Yes, this is State Contract and Procurement Registration System (SCPRS) data uploaded to FI\$Cal. Some departments may not put all their spending on SCPRS, such as confidential DOJ contracts. So, it will not have 100% of all contracts but it will have the vast majority.

## OSDS Program Updates

---

Diane Lydon, Business Outreach Manager, Department of General Services, provided the following updates:

### Certification Updates

1. As of 11/30/2023 the certification database included 18,778 (including duals/triples).
  - a. 15,677 SB/Micros
  - b. 4,175 SB-PWs
  - c. 1,823 DVBEs.
2. Compliance
  - a. 7 active SB program abuse cases
  - b. 20 active SB compliance reviews

### SB/DVBE Supplier Training Unit

1. Goals
  - a. Launch an in-depth SB/DVBE Training program on navigating the State bidding and contracting process by the end of 2023.
2. Accomplished to date

- a. Completed pilot trainings on “Environmentally Preferable Purchasing” and “Marketing with The State” parts one and two, and Commercially Useful Function.
- b. Conducted training presentations to the Small Business Advisory Council and Minority Owned Small Business Task Force.

### **Advocacy Support Unit**

1. Quarterly advocate meeting held on November 8
  - a. Attended by 98 advocates.
  - b. Useful information from the meeting which is being deciphered.
2. Welcomed new SSMII, Imran Chaudhary added to the Advocacy Support team on 11/6.
3. Currently in the process of interviewing to fill 8 additional AGPA positions.
4. Launched Improvement Plan Portal. Currently working with IT to get contracting data to auto populate in time for future IP submissions.

### **Outreach updates**

1. In the last three months there were 72 outreach events.
2. A partial list of organizations includes the Asian Business Association of Orange County, California Native American Heritage Commission, Hispanic Chamber of Commerce, Greater Sacramento NAACP, California and Sacramento Black Chambers of Commerce, Central Valley Immigrant Integration Collaborative (CVIIC), El Clasificado, Central Valley Women’s Entrepreneur Center, and Norcal APEX Accelerator.
3. A partial list of upcoming events scheduled in the next three months includes:
  - a. 13th Annual Veteran and Small Business Trade Show, Southwest Veterans' Business Resource Center – December 13
  - b. California Black Chamber of Commerce Business Mixers – January 5 & March 1, 2024
  - c. 2024 CAPPO Conference & Expo – January 22 and 23
  - d. Government Contracts, Southwest Veteran's Business Resource Center – March 12
  - e. "Next Steps to Contracting with California State Government", DGS – December 6 & 12
  - f. "How to do Business with the State of California", Norcal APEX Accelerator – January 18
  - g. Three-part webinar series, Regional Hispanic Chambers of Commerce – January 11, 18, 25
  - h. Three-part webinar series, Southwest Veterans' Business Resource Center – January 16, February 26 and March 12
  - i. I'm Certified, Now What?", NorCal Elite Disabled Veterans – February 20

### **Communications**

1. LinkedIn 3rd Quarter
  - a. 57 Total number of posts
  - b. 147 new followers

- c. 8.5% Engagement Rate
- 2. Regular Series Posts
  - a. Tuesday Essentials – Post offer tips, posts offer tips, how-to, resources and advice
- 3. Watchlist Wednesdays – A listing of upcoming events
- 4. Other Post Types
  - a. Solicitations, Selected Events, Reposts, i.e., CalOSBA
- 5. Gov Delivery Emails – Select Communications
  - a. Solicitations
  - b. Initiatives - Economic Impact Study, DBE Outreach
  - c. OSDS Next Steps to Contracting - Twice monthly webinar.

See the full list of upcoming events on the event calendar webpage: <https://www.dgs.ca.gov/PD/Events>. Follow us on [LinkedIn](#).

## **No Member Questions and Comments**

### **SBAC Committee Updates**

---

#### **Procurement Processes Committee**

Committee Chair Charlotta Carter presented the committee report:

The Committee reduced the number of action items from 13 to nine. Of the remaining nine, the Committee has addressed five with positive solutions and/or strategic plans to address with appropriate funding and resources when available. The committee is actively working on five action items right now. The nine remaining action items are:

1. Create more procurement opportunities using the state existing programs to increase opportunities for SBs.
2. Simplify procurement process favoring incumbents and reduce mandatory qualifications to increase participation.
3. Identify procurement forecasts and best practices to increase SB and DVBE participation in MSA and CMAS contracting.
4. Achieve timely prompt payment and early payout (without discount) for SBs.
5. Empower procurement officials to select SBs for bid solicitations to bring consistency.
6. Increase MSA and CMAS transparency to help SBs navigate the contracting process and improve access.
7. Implement defined prompt payment rules to ensure SB prime and subcontractor competitiveness.
8. Create MSA process that mirrors CMAS process to be easier to use, reduce redundancy and increase SB participation.
9. Educate councilmembers to better understand access to capital and the SBAC's scope to move items forward.

Mandatory requirements continue to be challenging and are getting addressed.

The committee continues to do a "company spotlight" at committee meetings. It is providing additional insight to SB issues.

### **Member Questions and Comments**

Member: In construction, Public Works is very specific about when they get paid. Are other departments like that?

Reply: Service side, there is no statute like the Public Works statute that states when you must pay.

Reminder- Per the SBAC charter, you are prohibited from going to legislators and state you are there representing DGS and the SBAC . You can approach them outside of this council.

Member: Legislative aspects keep coming up. Can we discuss having a legislative committee at the March meeting?

Reply: Yes, that is a great recommendation. This council cannot go advocate on behalf of legislation, but you can discuss legislation as specific topics in your committees.

### **Outreach, Marketing, Education, and Training Committee**

Committee chair Merv Cutler presented the committee report:

1. As of last March, we had nine action items. Today only one remains open: item number five. This action item is to create a standardized process for RFP's, CUF, Process Committee, etc.
2. The committee advocates for DGS to increase the 5% SB preference given that the state has more than 75% small businesses.
3. The committee would like the state to consider increasing the current 25% SB participation goal to 50%, given the large number of small businesses and an increase in the number of small businesses operating in the state.

### **Members' Questions and Comments**

Member: Regarding preferences to small businesses, since the cost of everything is increasing, if the state is trying to increase SB participation, then the state should increase the percentage that goes to the SBs. A 75% State vs 25% SB ratio is unfair.

**Commercially Useful Function (CUF) Committee** - Committee chair Shaila Rao Mistry presented the committee report:

In our recent committee meeting we continued to explore how to take more in-depth action to resolve CUF issues.

#### Recommendations:

1. CUF language needs to be stronger on RFPs with clear requirements for what documentation and licensing business should have.
2. CUF auditing, in addition to vendor self-certification, should be done in two capacities.
  - a) First, audit by DGS internal departments & committees.
  - b) Second, a third-party audit. The cost can be borne by the prime contractor.
3. Standardization of forms: The committee requests DGS create standardized forms to be shared by agencies to reduce repetitive submission of redundant information in bid submissions, making the bidding process easier for SBs.
4. Unbundling of contracts: the committee is getting more clarification in unbundling, which can be confusing for SBs. This confusion is disincentivizing SBs from bidding.
5. More vigilant screening of pass throughs: The committee would like to see state buyers have a better opportunity to evaluate and check vendor profiles to ensure no pass-throughs are occurring. Many businesses are required to provide references for upcoming bids, which helps. Inspection of facilities can also help prove a business is providing services consistent with the services they claim they provide. And an inspection of SB's ability, expertise and past performance is also important in evaluating CUF.
6. An increase buyer training, streamlining responsibilities, coordination between departments to work on bids as they go through the process, etc. will help resolve CUF issues.

#### **Member Questions or Comments**

Member: Some of the things the CUF Committee is supporting/asking for is contrary to small business growth. Often SBs can sell one product, such as medical supplies, and that business, based on their operations, can easily pivot to sell electrical supplies. Many SBs made this quick shift when COVID hit to sell products needed for COVID response. You have to be careful and leave room for SBs to grow as well.

Reply: This is an excellent point. My own business has a variety of services we provide. This further supports the need for auditing by DGS or a third party, so we can ensure businesses are doing what they claim to be doing. We don't want to stifle anyone; we want to enhance their ability.

Member: At our last CUF meeting this also came up. Changing the products or services businesses sell does not happen overnight. There will always need to be permits and inspections, and this is where the audits are vital.

#### **Review of New Action Items:**

---

Matt Zweier, OSDS Business Outreach Manager, Department of General Services, presented the action items.

1. Send the link to the report on GenAI to the council.
2. Send the link to RFI 2 Procurement to the council once it goes live.
3. Resend the link to Economic Impact Study survey to the council.
4. Send the 2021-2023 legislative summary to the council.
5. Send the appropriate legislative committee information to the council.
6. Send the link to the procurement data dashboards to the council.
7. Send the link to the IT Terms & Conditions to the council when it becomes available.

### **Public Comment**

---

Dana Saxton- Will report of risks and benefits of Gen AI be sent to all attendees or just council members?

Reply: Typically, we only send it to the council members, however we can drop the link into the Zoom chat so members of the public can access it directly.

Don Stoneham– One of the grants mentioned is about to expire. Can the link be provided?

Reply: The link will be in the slides and the slides will be provided.

Dana Saxton – The link that was shared earlier for the Economic Impact Study didn't work. Can you email the link?

Reply: Please enter your email in the chat and we will email the link to you.

### **Adjournment**

---

1. The next meeting is the Strategic Planning Meeting scheduled for March 6, 2024, and will be virtual or located at DGS Ziggurat (707 3<sup>rd</sup> Street, West Sacramento, CA 9560).
2. A motion to adjourn was made by five members, virtual and in person.
3. The meeting was adjourned at 3:31 p.m.