

## California Department of General Services (DGS)

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

**Date:** Wednesday, December 11, 2024

**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:** Jon Gaskell, Office of Small Business and DVBE Services (OSDS) Business Outreach Liaison

The regular quarterly meeting of the DGS SBAC was called to order by Co-Chair Angela Shell at 1:07 p.m. Attendance was taken, and a quorum was present. Angela reviewed the agenda.

### Meeting Minutes and Past Action Items

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Two council members motioned and seconded to approve the September 4, 2024, meeting minutes. The motion passed without objection.

Matt Zweier, OSDS Business Outreach Manager, reviewed action items from the September 4, 2024, meeting. The status of all action items was reported as completed.

1. Send links to generative AI website to council members  
<https://cdt.ca.gov/technology-innovation/artificial-intelligence-community/genai-executive-order/>
2. Share separate Cal eProcure link to the Gen AI Showcase.  
<https://caleprocure.ca.gov/event/77601/0000032633>
3. Send slides from last council meeting to members.
  - a. CalVet update- Local Interagency Network Coordinators (LINC)s map:  
<https://www.calvet.ca.gov/VetServices/Documents/LINC%20Map.pdf>
  - b. OSBA update- Statewide Small Business Support Network Centers interactive statewide map: <https://calosba.ca.gov/for-small-businesses-and-non-profits/small-business-centers/>
  - c. Office of Small Business and DVBE Services update-
    - i. SB/DBVE Training Unit website: <https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/SB-DVBE-Training-Unit>
    - ii. SB/DBVE Training Unit YouTube Playlist:  
<https://www.youtube.com/playlist?list=PLaCRb19DMOL3XIWAjrPjAjkmRcfhRnsEm>
4. Share links, map and resources from CalVet.

## **DGS Updates**

Angela Shell, Deputy Director, Procurement Division provided an update and reminders on DGS activity.

1. DGS GenAI activities
  - a. Generative AI showcase was attended by 35 businesses. Showcase attendees provided their thoughts and valuable insights on how GenAI might benefit the state.
  - b. DGS to release three GenAI RFI<sup>2</sup> projects and solicitations during the week.
  - c. DGS published a set of generative AI standard contract terms and conditions for public comment. These terms and conditions available online Monday, December 16. Deadline for final public comment will be a few days after publication. The goal is to have final Gen AI terms and conditions by the end of January.
2. Concluding a two-year long project, DGS published updated standardized IT Terms and Conditions in November. All departments will use these on contracts going forward. DGS received a lot of feedback, including hundreds of comments on the terms and conditions, which led to making a lot of revisions in collaboration with the Department of Technology.
3. OSDS is working on the 2024 Consolidated Annual Report. California exceeded small business (SB) and disabled veteran business enterprise (DVBE) participation requirement for Fiscal Year 2023-24. The report will include:
  - a. Specific percentages by department and agency.
  - b. Activities engaged in by the Office of SB and DVBE Services (OSDS) throughout the year and plans for next fiscal year.
  - c. Information about SB/DVBE Option, infrastructure SB participation, consulting services reporting and others.
4. Reminder that the council is at the end of its first year. Members should track progress towards goals, accomplishments, strategic plans, and meeting tasks. Council will begin its second year in March, so all this information should be compiled.
5. Per the council charter, members serve on the council to provide recommendations to DGS based upon expertise and not to further their own business' interests in contracting with the state. Members are not allowed to represent themselves or their business as speaking on behalf on behalf of state of California. Members should not represent themselves outside DGS or publicly speaking on behalf of the SB Council. If members do not have a copy on the Council Charter, please see [Council Charter](#).
6. After the meeting, OSDS will host the 50<sup>th</sup> anniversary reception here at the Ziggurat to celebrate the strategic partners and the SB council members for their support to SB/DVBE community over the past decades. Members physically present at the meeting are encouraged to stay and attend.

## **Member Questions and Comments:**

**Member:** What was the outcome of the generative AI showcase?

**Reply:** The showcase gave the state insight into whether industry could meet items outlined in the challenge statement. Three additional GenAI R<sup>2</sup> projects will be published on Cal eProcure in December. Problem statements will be more refined than the original challenge statements

**Member:** Where can link to generative AI forum be found?

**Reply:** DGS sent broadcast bulletin with link information and invite to the IT industry.

**Member:** Is there a timeline for next steps for round one?

**Reply:** Departments advertised a full round one of generative AI projects. Innovators have been working through the sandbox environment and testing solutions in this secure environment for the last six months. State departments are still working through that and closing out their testing and making decisions about whether they will scale up into a second level contract.

**Member:** Is there a timeline for vendors that completed testing in October?

**Reply:** Suggest speaking to departments that vendors are working with to provide more information. These were not DGS contracts.

**Member:** Does a GenAI form 1000 need to be signed for each project?

**Reply:** Yes. These are specific procurement so every time a contract goes out and responses come back the bidder must submit the std. 1000 form.

**Member:** Is it ok copy to Angela when reaching out to the department buyer?

**Reply:** DGS is not party to the contract so those needing information should reach out to the specific department.

**Member:** Request that the links and invitation be re-sent. Is there anyone from DGS who can provide expertise on generative AI that can be shared?

**Reply:** Links and invitation will be shared. DGS is not working on the technical pieces of GenAI, e.g. explanations around specific software or hardware or integration piece. What we've been providing you for the last year or so is what DGS has been working on.

**Member:** Could you briefly elaborate on how Workforce fits in these new GenAI RFI<sup>2</sup>?

**Reply:** The challenge statement for the upcoming RFI<sup>2</sup> for EDD and Labor and Workforce Development is to gather data around workforce statistics. It is not about the actual workforce but the data and statistics that is publicly available.

**Member:** Is each department required to meet the 25% goal or is this an overall goal?

**Reply:** Yes. The annual participation goal of 25% for SBs and 3% for DVBE is for each department. DGS captures and summarizes it on a statewide participation level. . There are opportunities for departments to use contract-specific SB goals, but the statutory requirement is annual spend.

**Member:** Is this new business or is it just 25% of small business? Some primes tend to do business with the same business over and over. How do we monitor new businesses being considered in that 25%?

**Reply:** AB 1574 asks departments to expand and diversify their SB bidder pool in state solicitations. DGS issued and continues to provide guidance to state departments on the requirement to seek out and include in solicitations SB/DVBE they have not regularly used in their department contracts or businesses that have not regularly done business with the state of California, in addition to the SB/DVBEs with which they are already doing business.

In the instance where the contract dollar amount is not likely at a level that small businesses could get a direct award, DGS has asked departments to put together small business participation plans which outline how a department plans to meet participation percentages. DGS asks prime vendors to provide a plan to the contracting department on how they will reach the 25% goal.

**Member:** How are goals tracked to assure success?

**Reply:** Departments are required to comply with laws. The role of DGS is to provide guidance and then to capture information at the end of the fiscal year. It is a department's responsibility to track and be able to identify what is happening in their particular contracting programs year over year. All awards are public information. DGS periodically during the year remind departments of their responsibilities, including running periodic reports and review the data to determine if they are on the right track or need to course correct. At the end of the year, departments provide that information amongst a whole host data.

**Member:** Potentially DGS could add additional metric reporting that would provide data on how departments and agencies are supporting contracting to new businesses.

**Reply:** Thank you for the comment. DGS will consider that suggestion.

**Member:** Does the 25% participation goal take into account public works contracts? Is there a way to break out awards to SB-PW, SBs and Micros?

**Reply:** Yes, the 25% takes into account all contracts including public works. As such, SB\_PW participation is reported under the SB participation, and the report includes a breakdown by SB and Micro. DGS has the ability to extract data on SB-PW dollars, with the caveat that most SB-PW are also SB and/or Micro.

## **CalVet Update**

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Roberto Herrera, Deputy Secretary of the Department of Veteran Affairs, presented CalVet updates.

1. DVBE Advisory Council welcomes two new members:
  - a. Cheryl Shaefer – an active member of the National Association of Black Veterans, Los Angeles Chapter. As a member, Cheryl works to help black-veteran certified businesses with local and state agency procurement. Her company is CAS & Sons Protective Group, which provides security and firearms training.
  - b. Curt Taras – Curt is the owner of Infrastructure Improvement Incorporated, a civil engineering and general contracting firm. He has extensive history contracting with state government, federal government, and public utilities.

2. The DVBE Advisory Council met in December to conduct council strategic goal setting for 2025 and review results of the [Consolidated Annual Report](#) . CalVet staff and DVBE Advisory Council members can use these reports to assess training and outreach efforts, as well as perform gap analysis.
3. Due to an increased demand for service-connected disability certifications because of the expansion of Veterans Affairs benefits eligibility over the past few years, there will be a new pool of around 50,000 veterans newly eligible for DVBE certification. Veterans once ineligible may now become eligible with expanded conditions for injuries that were incurred in service.
4. Last year, CalVet filed more than 300,000 claims - the most ever. This equated to more than \$600 million in new or increased federal benefits for California’s veterans and their survivors.
5. CalVet and the council are working in concert with the California Business, Consumer Services and Housing Agency (BCSH), California Department of Housing and Community Development (HCD), California Health and Human Services Agency (HHS), and the California Department of Health Care Services (DHCS) on the implementation of Proposition 1 – which was approved by voters in March 2024. Proposition 1 ensures revenues generated by the Mental Health Services Act of 2004 provide mental health services on the county level.
6. Beginning 2025, each county must begin “local planning” for money provisioned for housing interventions, full-service partnerships, and behavioral health services and support. This money will be used for:
  - a. Ensuring individuals that need housing are housed.
  - b. Ensuring those experiencing serious mental illness have sufficient and reliable treatment.
  - c. Preventing suicides.

Decisions on how the money is spent is on the county level through the local planning process. Businesses involved with behavioral health and mental health should engage with counties during this planning period. Proposition 1 requires that each county have a local planning board. Each county with a population of at least 100,000 must have a veteran representative on the board.

Proposition 1 also established the Infrastructure Bond Act, which seeks to create housing for those experiencing serious mental illness or homelessness. This totals \$6 billion, of which \$4 billion went to DHCS to operate a program called BHCIP for in-patient psychiatric care. The other \$2 billion, administered by HCD, is earmarked for permanent supportive housing. This is essentially Section 8 housing with supportive services on site. Of that \$2 billion, \$1 billion must go to rehabilitation or development of housing sites serving veterans only--this program is called [Homekey+](#). CalVet secured a 5% DVBE spending goal for the [Homekey+](#) program.

This Notice of Funding Availability was out at the time of the council meeting and businesses involved in construction are encouraged to participate. Counties, cities, municipalities and public housing authorities are all eligible entities for Homekey+

funding. This is important because, beyond the 5% DVBE goal, these entities may have a reciprocity agreement with DGS or their own supplier diversity targets.

Council members are encouraged to visit the [CalVet voter approved bonds site](#) to learn more about Homekey+ as well as the Veterans Housing and Homelessness Prevention Program (VHHP), which allocates \$600 million to develop new affordable housing for veterans and their families and also has a 5% target. The site allows for searches by county to view projects, DVBE targets, and developers who have projects.

## Member Questions or Comments

**Member:** What services does CalVet provide to veteran business owners? Are there mechanisms that CalVet uses to drive veterans to these opportunities? Are there places we can go as veteran business owners?

**Reply:** CalVet has a team whose job is to work with DVBE businesses and connect them with opportunities across the state. There will be opportunities for DVBEs in construction through Homekey+ because there is a 5% DVBE target there.

CalVet also has the [California Transition Assistance Program](#), which educates veterans on resources for entrepreneurs, as well as providing one-on-one support.

## CalOSBA & Go-Biz Update

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Chris Earl, Assistant Deputy Director, Innovation and Entrepreneurship, California Office of the Small Business Advocate (CalOSBA) presented the following updates.

1. Technical Assistance Program (TAP)
  - a. During the RFP process, CalOSBA received 89 proposals and made 71 awards.
  - b. The program has \$23 million in annual funding.
  - c. This year, the program reached 112 providers statewide offering direct engagement with small businesses and one-on-one counseling in more than 40 languages. These providers also give technical assistance through cohort training and other educational training in the field at no cost to businesses.
2. [Made in California](#) program – is a new state labeling program aimed at California manufacturers. The program will provide marketing and branding incentives to encourage businesses to participate. The program [requires](#) participating companies perform 51% of the assembly, manufacturing or processing of a product within California. The program will provide marketing and branding for both small and micro businesses, but also some of the larger businesses in the state as well. More details will be available once the program rolls out in spring 2024.

## Member Questions or Comments

**Member:** Could we have Chris Earl's contact information and presentation?

**Reply:** [Chris.earl@gobiz.ca.gov](mailto:Chris.earl@gobiz.ca.gov), slides provided to members on 12/20/24.

## Legislative Update

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Corrina Roy, Legislative Consultant, DGS Office of Legislative Affairs provided an update on two pieces of legislation DGS is tracking.

1. AB 2543: This bill declares the state law provides assistance and services for undocumented persons within the meaning of 8 U.S.C. Section 1621(d). This bill does not change the Small Business/DVBE certification process in practice, as the certification application does not inquire about immigration status. This bill was SIGNED by the Governor's and will become effective January 1, 2025.
2. SB 1220: This bill prohibits state and local agencies that receive state funding from using or contracting for the use of AI or Automated Decision Systems that eliminate or automate the core job function of any worker. This bill is aimed to ensure there will be real human assistance available when people call to receive help with public benefit programs. This bill additionally expands the "California-only" call center restriction in existing law to require that call centers be staffed by Californians. This bill was VETOED by the Governor on grounds that the AI prohibitions in the bill were premature.
3. Reminder - the state's generative AI efforts are not intended to replace workers. These tools improve existing human labor, and the state is developing them as an augmentation rather than a means to replace state workers.

## No Member Questions or Comments

## Disparity Study Presentation

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Dr. Eleanor Ramsey, President & CEO of Mason Tillman Associates, provided a thorough summary of the disparity study.

Don O'Bannon, outside legal counsel for Mason Tillman, provided comments on the legal predicate of the disparity study.

1. Background - Mason Tillman has operated in Oakland since 1978 and have conducted 160 disparity studies around the country including 30 performed in California. The legal basis for disparity studies stems from U.S. Supreme Court decision in 1989 case of *City of Richmond v. J.A. Croson*, which established a strict scrutiny standard of review to determine whether disparity exists.
2. A two-pronged test is required to establish strict scrutiny.
  - a. **Compelling Interest:** demonstrate a statistically significant disparity exists between utilization and availability to establish a compelling interest. This basis allows a governmental entity to assume there is discrimination in a public contracting process
  - b. **Narrowly Tailored:** Any remedy under strict scrutiny must be narrowly tailored and address groups and industries with disparities. Narrowly tailored remedies

must be buttressed by anecdotal evidence accounting for the perception of vendors doing business with a governmental entity.

3. Disparity Study Methodology
  - a. Study period: 7/1/2019 – 6/30/2023.
  - b. Used FI\$Cal SCPRS contract data.
  - c. Study looks at five industries – architectural and engineering services, professional services, IT goods and services, non-IT goods and services, and construction.
  - d. Utilization Analysis
  - e. Prime Contracts awarded by state agencies
    - i. Extracted from FI\$CAL SCPRS
    - ii. Cleaned and normalized
    - iii. Industry assigned
    - iv. Owner's ethnicity, gender, and veteran status determined
  - f. Subcontracts awarded by contractors
    - i. Extracted from FI\$CAL SCPRS
    - ii. Collected from prime contractors
  - g. Availability analysis, compiled from department records, identifies if there is parity in the use of available businesses. Available businesses are legally defined as those willing and able to perform government's contract work. Business owner's ethnicity, gender and veteran status must be determined.
4. Statistical Test of Disparity
  - a. Disparity Ratio is calculated by dividing actual dollars spent (utilization) by expected contract dollars (availability). The use of willing and able vendors should be equal to their availability.
5. Anecdotal Analysis
  - a. Considers perceptions and experiences as recalled by the business community.
  - b. Disparity Study measured these perceptions and experiences through:
    - i. 10 in person and virtual stakeholder meetings.
    - ii. 125 business owner interviews.
    - iii. Distribution of business e-survey and online survey on website.
    - iv. DGS e-survey distributed to relevant DGS staff.
6. Study Recommendations
  - a. Will recommend strategies to improve the subject businesses access to state contracts.
  - b. Will determine expected prime and subcontract spend with available subject businesses.
  - c. Will calculate actual prime and subcontractor spend with available subject businesses.
  - d. Will identify impact of current contracting and procurement practices on the utilization of the available Subject Businesses.
  - e. Will identify barriers to equal access to State contracts for the available subject businesses.

Mason Tillman Associates would like for council members to help distribute the business survey and promote the study. The firm would appreciate if state members to facilitate



meeting with SB advocates to provide contacts. The firm would also like state partners to promote the disparity study website on social media and websites.

**Member:** The state and local government entities have participated in eight disparity studies within three months. All organization seem to be conducting these studies. Is there a reason to why this is happening?

**Reply:** While it is not possible to speak for local organizations, AB 2019 requires that the state conduct a disparity study. Legal precedent requires entities to study their own contracts, so every city would have to do their own fact-finding.

**Member:** Is there a way to still participate? Tried to participate in San Diego and could not find the location.

**Reply:** Mason Tillman would like to reach out and provide information about the program so we can have first-hand account of your experience.

**Member:** Is subcontractor data collected? How do you ensure the data that is collected is from subcontractors that were paid? Sometimes a prime is merely pretending to use a subcontractor.

**Reply:** That is a national problem of listing a subcontractor and not using them or using them for less than is listed in the proposal. Secure subcontracting records will be identified whether from firms or state agencies, to verify that this data is accurately reported.

**Member:** Would you provide additional email contact for the disparity study? The current email is not working.

**Reply:** New email provided via chat. DGS will also provide contact information and study website.

**Member:** Is there any overlap between different state department disparity studies? How is a disparity study conducted if reporting on gender is not required? Are primes and subs cross referenced?

**Reply:** The CalTrans study is federally funded. Mason Tillman is currently meeting with CalTrans to determine that all of their state-funded contracts are in SCPRS and only their state-funded contracts are in SCPRS. Once that is established, Mason Tillman will analyze their state contracts while the other study will look at federal contracts. The methodology that is required under the federal rules for awarding contracts follows the same three steps. Those are: to define the utilized businesses, with separate analysis for primes and subs; then to define the available businesses; and then to do anecdotal and statistical tests.

Regarding the gender question, the root of this study is that all must be reasonably done to determine ethnicity and gender of those companies that did and did not receive contracts.

**Member:** Is it possible to see just the state-funded contracts identified in the study?

**Reply:** CalTrans contracts have been taken out of the DGS procurement system and CalTrans has been asked to identify state-funded contracts and provide any state-funded contracts that may not have been given. Any in the data set that are not state funded Mason Tillman will not analyze.

## Procurement Updates - Acquisitions

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Carol Bangs, Chief, Acquisitions Branch, DGS Procurement Division, provided the following updates.

1. Upcoming Solicitations
  - a. There are four upcoming solicitations for hydrogen fuel, paper grocery bags, pavement markers and EVSE portable DCFC chargers.
  - b. Recently Awarded: Enterprise technology for data center equipment, hardware and ancillary services.
  - c. 35 contract awards, 11 to SB or DVBE firms and 14 contracts with DVBE subcontractor participation. Those not awarded to a certified firm may contain an off-ramp.
2. What are resellers and how are they used?
  - a. A reseller is a company authorized to sell products of another company or manufacturer. DGS refers to these as OEMs.
  - b. OEM may use resellers and not sell direct.
  - c. Resellers have to perform CUF.
    - a. When establishing an LPA, must provide a CUF analysis.
3. All resellers must:
  - a. Respond to agency orders
  - b. Provide product and/or services as necessary.
  - c. Provide invoice to agency
  - d. Accept payment

### Member Questions or Comments

**Member:** When it says a DVBE is “in development” what does that mean in this case?

**Reply:** DGS cannot yet determine if there will be CUF for a subcontractor in this case and is still developing subcontracting opportunities.

**Member:** For a software product, if the SB resells and is not a manufacturer, are they performing a CUF?

**Reply:** Businesses that are not the actual manufacturer, but a reseller, must provide a quote for cost of software and should provide service. A reseller invoices, a reseller is paid, and issues are resolved through the reseller.

**Member:** On the services side, when businesses buy from outside and sell it, that is considered a CUF violation. Is there some clarification on that disconnect?

**Reply:** A reseller is expected to fulfill their service obligations and not defer to a manufacturer. The CUF committee has been working on this for a year because it differs from industry to industry. This is reflected in the updated IT Terms and Conditions.

**Member:** Is “take inventory of the product” the key phrase? For many sectors businesses never take physical custody of any property. If they did, they would price themselves out of the market.

**Reply:** No, CUF does not require taking an inventory. The key criteria is that businesses have to be responsible for the operation in its entirety. A reseller must perform the actual

work and take responsibility for actual deliverables. Resellers are also expected to take on risk in selling to the State of California. If the state has a contractual issue with a reseller, they will take it up with the reseller rather than the original manufacturer.

**Member:** When looking at the LPA, the difference isn't industries per se, but rather the way that a business sells. The wording of CUF definitions must be considered not only against industries but against the physical arrangement a business has with the State of California. This gives more reason to consider CUF in different situations beyond a standard definition.

## **OSDS Program Updates**

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Pierre Washington, OSDS Business Outreach Liaison, DGS Procurement Division, provided the following updates:

### 1. Certification Updates

- a) As of 12/4/24, there are 21,915 certified firms (including duals/triples) with 18,053 SB (micro) certifications, 2,529 SB certifications, 5,234 SBPW certifications, 2,181 DVBE certifications, and 2 NVSA certifications. There are 234 NP recognitions. Certified firms can have multiple certifications.
  - i. SB-PW breakdown by other cert types:
  - ii. SB-PW only – 1,003 (GARS up to \$43 million)
  - iii. SB-PW & SB Micro – 3,617 (GARS up to \$6 million)
  - iv. SB-PW & SB (non-Micro) - 417 (GARs up to \$18 million)
- b) As of 12/4/24, there were 17 program abuse open cases, 75 compliance reviews under evaluation, and 8 certification appeals being processed.
- c) OSDS has implemented a pilot policy to reduce the current application backlog and prevent future backlogs. This has reduced the application backlog by approximately 98%.
- d) Reminder that requests for expedited application processing for bid due dates must be received no later than the same day applications are submitted.

### 2. SB/DVBE Training Unit Updates

- a. Upcoming SB/DVBE Cohort Based Training Call for Nomination for certified businesses coming soon.
- b. Upcoming Pilot classes:
  - i. LPA – A Closer Look , Pre-bidding Preparation for Leverage Procurement Agreements
  - ii. SB/DVBE Option
- c. Current Classes:
  - i. Solving the Marketing Mystery: The 5 W's – Session 1
  - ii. Solving the Marketing Mystery: Strategies for How to Market to the State – Session 2
  - iii. Understanding State SB/DVBE Commercially Useful Function
  - iv. The ABC's of Environmentally Preferable Purchasing for SB/DVBE's
  - v. Website: [SB-DVBE-Training-Unit \(ca.gov\)](https://www.sos.ca.gov/sb-dvbe-training-unit)

### 3. Statewide Advocacy Program Updates

- a. Advocacy section is meeting with departments that did not accomplish one or both of the SB/DVBE participation goals or have established a history of not reaching these goals. Recommended action items for these departments:
  - i. Adopting a SB/DVBE First Policy.
  - ii. Sending OSDS UNSPSC codes for contracts where departments have difficulty locating certified SB vendors.
  - iii. Contacting large vendors to ask what they can do for the SB/DVBE community.
  - iv. Looking for more subcontracting opportunities on new solicitations.
  - v. Increasing support of advocate's roles and responsibilities.
- b. The Advocacy team has formed an AB 2019 remedial actions workgroup. This collaborative group comprises procurement officials and advocates from several departments, as well as representatives from DGS in procurement, policy, legal, audits, and OSDS. Together, the group is examining practical solutions to address challenges and develop actionable steps that support SB and DVBE participation goals. Please note that specific remedial actions are still being identified and will be communicated once they are adopted.

#### 4. Outreach Updates

- a. In the last quarter of 2024, 49 outreach events in total; 37 in-person, and 12 virtual events. Organizations we teamed up with include:

Asian Business Association of Orange County, California Black Chamber of Commerce, California Department of Insurance, California Public Utilities Commission, California Tribal Chairpersons' Association, California High Speed Rail Authority, Diversity Biz Forum, El Clasificado, Los Angeles Area Chamber of Commerce Foundation, Metropolitan Water District of Southern California, National Latina Business Women Association - Inland Empire Institute, Nor-Cal Apex Accelerator, Northern California Small Business Development Center, North San Diego Small Business Development Center, Orange County Inland Empire Small Business Development Center, San Francisco Filipino American Chamber of Commerce, Sacramento Municipal Utility District (SMUD), Sacramento Public Agency Consortium (SacPac), San Diego Airport, San Diego Orange Imperial Counties APEX Accelerator, San Joaquin Public Agency Consortium (SJPac), Small Business Administration, Small Business Diversity Network, Small Business Majority, Southern California Virtual Business Center, Southwest Veterans' Business Resource Center, University of California, Davis, Veterans in Business Network (VIB), Western Regional Minority Supplier Developmental Council

- b. Upcoming events
  - i. OSDS 50th Anniversary Reception – December 11
  - ii. San Diego Area of Governments “Open House” - December 16
  - iii. “Certification Workshop”, SCORE Long Beach South Bay – January 13
  - iv. “2025 CAPPO Expo”, California Association of Public Procurement Officials (CAPPO)- January 13
  - v. “Hands-on Certification Workshop”, North San Diego SBDC- January 22
  - vi. “Port of San Diego Small Business Inclusion Summit” Port of San Diego – January 24
  - vii. “Becoming a Certified Small Business or DVBE”, Pacific Asian Consortium Employment (PACE) - January 29

- viii. "Certification Workshop", SMUD Sacramento – January 29
  - ix. "Southern California Business Development Luncheon", Regional Hispanic Chamber of Commerce, February 7
  - x. "4th Annual Caltrans DBE Summit", Caltrans – February 25
  - xi. "Caltrans Districts 7, 8 & 12 Procurement Fair", Caltrans – February 26
  - xii. "Connecting with Contracts: Celebrating Women's History Month", North San Diego SBDC- March 4
- c. Workshops and Webinars Series
- i. English and Spanish series - "How to do Business with the State of CA" & "I'm Certified Now What?", North San Diego Small Business Development Center - January & March
  - ii. "How to do Business with the State of CA" & "I'm Certified Now What?", Nor-Cal Elite Disabled Veterans Network - January 15 & January 29
  - iii. "I'm Certified Now What?" & "Contracting with California Government" - NorCal Apex Accelerator – January 16 & February 20
  - iv. "How to do Business with the State of CA" & "I'm Certified Now What?" - Fresno Area Hispanic Foundation – January 16 & January 23
  - v. SPANISH - "How to do Business with the State of CA" & "I'm Certified Now What?" - Fresno Area Hispanic Foundation – January 16 & January 23
  - vi. "Micro Contracts", Nor-Cal Elite Disabled Veterans Network – February 12

Events calendar at <https://www.dgs.ca.gov/PD/Events>

Follow OSDS on LinkedIn at: <https://www.linkedin.com/company/dgs-osds>

## 5. OSDS Communications

- a. LinkedIn 3<sup>rd</sup> Quarter
  - i. 50 Total Number of Posts
  - ii. 1,656 total followers with 5.48% Engagement Rate
  - iii. Regular Series Posts
    - i. Tuesday Essentials – Posts offer tips, how-to resources, and advice
    - ii. Watchlist Wednesdays – A listing of upcoming events
    - iii. Other Post Types: Solicitations, Selected Events, Reposts, i.e., CalOSBA and Resource Partners
- b. GovDelivery email communications
  - i. Select Communications and Solicitations
  - ii. Biennial Review Adjustments, Economic Impact Study, Training Courses
  - iii. OSDS Next Steps to Contracting – Twice monthly webinar

## No Member Questions or Comments

## SBAC Committee Updates

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Procurement Processes Committee, Committee Chair Charlotta Carter presented the committee report.

- 1. Procurement Processes Committee has been working on three major goals:
  - a. Provide the state recommendations on templates and languages with the goal of making RFI and RFP language more digestible.
  - b. Increase business opportunity for micro businesses

- c. Look into prompt pay protection for subcontractors

**Member:** Earlier you sent a tool with basic information on committee onboarding and some of the terms and information members should be familiar with. Do you intend to make that available to everyone?

**Reply:** There is a google doc folder that everybody can have access to. As reference documents are added, everyone is welcome to search. Charlotta will send link to other committee chairs.

Outreach, Marketing, Education and Training Committee, Committee Chair Merv Cutler presented the committee report.

1. The committee met in October and Don Stoneham agreed to serve as co-chair.
2. Mike Sabellico hosted a meeting with SBDC and San Diego Apex Accelerator.
3. Merv Cutler asks that DGS staff let him know then they are attending events in the San Diego area so that they can better connect and collaborate.
4. The committee has recently focused on four main goals:
  - a. Significantly reduce prompt payment issues - Committee recommends DGS standardize invoicing between state agencies to reduce confusion. Recommend process to train agencies on handling payment processing to increase consistency.
  - b. Better connect niche industries with DGS - Committee working to identify what niche business are and how to provide guidance to agencies buying such products and services.
  - c. Strengthen internal and external partnerships through transparency, education and collaboration - Committee would like to partner with DGS in establishing mentorship programs for businesses.
  - d. Strengthen the certified small business community

**Member:** Are you truly asking for standardized invoicing or are you asking for training to state agencies to ensure they're following the payment process?

**Reply:** Committee is looking at more training for state agencies to achieve more consistency. OSDS is also working on a training series for vendors on submitting invoices to the state.

**Member:** It may be helpful to provide a successful invoice to use as an example. Perhaps a successful construction invoice sample or a successful IT invoice sample.

**Member:** Regarding budgeting, there have been serious cutbacks in TAP funds, federal funds, and DGS funding. DGS should recognize that a lot of what you are able to accomplish is due to the efforts of local partnerships and should offer as many resources as possible.

**Member:** Another way to improve access is to encourage mentorship and teaming. Is there any mentoring on teaming, how to team and getting teams together if you don't have a large prime?

**Reply:** Charlotta and her committee should develop what that teaming should look like. Determine who owns the contract with the state and who is responsible for what.

**Member:** Committee should consider how school districts in California have contracted in cases where there isn't necessarily a single prime. In those cases, there are several primes that are responsible for subsets of an overall school project.

**Reply:** Committee can pull expertise from one of the larger school districts.

**Member:** Point of clarification: would the mentorship program be run through the SBAC or in partnership with an organization already running a similar program?

**Reply:** This depends on how such a program is structured. Council is not quite ready to make those decisions yet but are open to suggestions on the structure from members.

**Member:** Is there a specific timeframe for planning the mentorship program?

**Reply:** Likely to occur in 2025. There is not a plan with tasks laid out, but OSDS will be taking a look at plans for this in 2025. Council could follow models from the Small Business Administration or the Department of Defense, which have different approaches for the program.

Commercially Useful Function Committee, Lee Cunningham presented the committee report.

1. The charge of the CUF Committee is to take a look at CUF across differing entities and businesses. The committee has broken these considerations into non-IT goods and services, construction and IT.
  - a. Non-IT goods and services: Committee is pursuing a major investigation, which will be presenting back to the committee for resolution in January. This case may lead to a close look at the certification process and should strengthen state procurement once finished.
  - b. Construction: State definition of supply-side and construction is easier to understand than the federal definition. Federal CUF regulations are hard for small businesses to adhere to. Many small businesses that should be complying with state standards mistakenly believe they must adhere to federal guidelines. Committee believes education may solve this issue, especially in regards to different procurement devices.
  - c. IT goods and service: Committee is considering different scenarios in which CUF would and would not apply--including software purchases.

## **No Member Questions or Comments**

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

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Matt Zweier, OSDS Business Outreach Manager, presented the new action items.

1. When the second round of GenAI RFI Squared is posted to Cal eProcure, share links with the council members.
2. Provide Angela the names of council members interested in attending the 12/16 GenAI event.
3. Send recently released IT terms and conditions to council members.
4. Send CalVet information specific to business support to council members.
5. Share Chris Earl's slides with council members.
6. Send the contact information for the disparity study to council members.
7. Arrange to have Carol Bangs attend a CUF Committee meeting to talk about LPAs.

## Public Comment

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1. Veterans In Business Network expressed gratitude for DGS support of their November conference and for their continuing partnership with DGS. They plan to launch a website where the public can learn more about certification and RFPs.
2. **Question:** Where can I find public data on which state agencies are in compliance with AB 1574 and AB 2019, which ones did well, and which ones didn't?  
**Reply:** The Consolidated Annual Report is posted on the DGS website and details all the state departments and where they stand with achieving the 25% and the 3% goals.

## Adjournment

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1. The next quarterly meeting scheduled for March 12, 2025, will be hybrid on Zoom and in-person at the DGS Ziggurat (707 3<sup>rd</sup> Street, West Sacramento, CA 95605). Please come in person.
2. A motion to adjourn was made by Angela Shell and seconded by the entire council.
3. The meeting was adjourned at 3:53 p.m.

**Final Note:** There may be interest in hosting meeting at the new May Lee building. Council members and the public will be informed ahead of the meeting.