

## **California Department of General Services (DGS)**

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

**Date:** Wednesday, March 12, 2025

**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:** Chad Wright, 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 1:02 p.m. Attendance was taken, and a quorum was present. Angela reviewed the agenda.

#### **Meeting Minutes and Past Action Items**

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Lori Kammerer motioned, and Mike Sabellico seconded to approve the December 11, 2024, meeting minutes. The motion passed without objection.

Diane Lydon, OSDS Business Outreach Manager, reviewed action items from the December 11, 2024, meeting. The status of all action items was reported as completed.

1. The second round of GenAI RFI<sup>2</sup> was shared with council members.
2. Provided Angela names of council members interested in attending the December 16 GenAI event.
3. Sent recently released IT terms and conditions to all council members.
4. Sent CalVet information specific to business support to council members.
5. Shared Chris Earl's slides with council members.
6. Sent contact information for the disparity study to council members.
7. Arranged for Carol Bangs to attend a CUF Committee meeting to talk about LPAs.

#### **DGS Updates**

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

1. March is National Procurement Month. DGS's Procurement Division will have an internal recognition event at the end of the month highlighting PD's efforts.

2. [2023-2024 Consolidated Annual Report \(CAR\)](#) shows \$13.35 billion in total awarded with \$3.55 billion (26.8%) to certified Small Businesses, and \$625 million (4.69%) awarded to certified DVBEs.
3. DGS GenAI activities
  - a. Governors' Executive Order (EO) on GenAI was issued in 2023. DGS has completed all items required by the EO with respect to policy, procedures, and training.
  - b. Issued update for vendors on the use of GenAI in procurement for all departments in February. Form 1000 is no longer required, but vendors are required to disclose the use of GenAI on a contract and if it has a material impact on the delivery of goods or services.
  - c. Updated Terms and Conditions (IT and non-IT solicitations) to include disclosure during bidding process and through the life of the contract.
  - d. DGS continues the procurement process for Request for Innovative Ideas (RFI<sup>2</sup>) solicitation used to solve a problem statement using Gen AI. Previously awarded five (5) proof of concept contracts. One full scale contract has been awarded; four (4) others are being evaluated.
  - e. Other RFI<sup>2</sup> projects were released in late December and those are in evaluation phase.
4. Disparity Study update. The consultant, Mason Tillman, has completed community engagement meetings and is continuing to evaluate contract utilization. They are still conducting anecdotal vendor interviews. They are required to conduct 125 interviews.
5. Emergency Contracting update. In response to the LA wildfires, DGS has awarded more than 43 contracts to SB/DVBEs to support state emergency operations. DGS staff utilized the SB/DVBE Emergency Registry to identify and verify vendor participation.
6. SB/DVBE program update. The state has no opinion on what is happening at the federal government level. The state's SB and DVBE programs have been established by law and there will be no change to the State's efforts to ensure all small businesses have the opportunity to participate in state contracting.

## **Member Questions and Comments:**

**Member:** Does CAR identify the number of DVBE contracts?

**Reply:** Yes, it does identify the dollars and the number of contracts to DVBEs.

**Member:** Is the procurement policy update on GenAI related to federal guidelines?

**Reply:** This is a state effort and has nothing to do with federal requirements. Federal government has its own guidelines, and the state will review those as necessary.

**Member:** Can Emergency Registry (ER) vendors be shared to those beyond the state?

**Reply:** State has offered ER data/info to local buyers and will continue to offer assistance.

**Member:** What is Los Angeles county's incentive to use the ER for wildfire recovery?

**Reply:** The state has no authority over local governments and doesn't know what their incentives may be, but the state wants to be a good partner and share the ER and how the information was included and is being verified.

**Member:** What about federal dollars coming to California and policy changes impacting contracts in the state?

**Reply:** It will depend on contracts at each department and understanding federal requirements and funding levels.

**Member:** Has the state made a public comment on the commitment to the SB/DVBE program and its status?

**Reply:** The governor's office has made many statements regarding the support of small business. Formal statements are at the discretion of the administration.

**Member:** Small, minority, and women procurement program requirements at the federal level are codified, but funding levels are subject to change.

**Reply:** Thank you for the comments.

## **CalVet Update**

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Jamie Jones, Assistant Deputy Secretary of Veteran Services, presented CalVet updates.

1. DVBE Advisory Council welcomes two new members:
  - a. Michael Iadarola
  - b. Alyssa Albright
2. CalVet and Dept of Housing and Community Development will provide oversight of up to \$2 billion of Prop 1 funds to build housing with on-site services for veterans and their families at risk of homelessness and with mental health needs. Expenditure of those funds includes 5% DVBE goal for total construction. The application deadline is May 25, 2025. Interested DVBEs are encouraged to contact CalVet.
3. CalVet staff have been working at disaster recovery centers in response to the LA fires. CalVet has served more than 1,100 veterans and their families and processed over 450 requests.
4. Contact Daniel Bates ([daniel.bates@calvet.ca.gov](mailto:daniel.bates@calvet.ca.gov)) to solicit CalVet's participation in outreach events.

## **Member Questions or Comments:**

None

## **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. The U.S. Treasury funding for SSBCI Small Business [Opportunity Program \(SBOP\)](#) has \$10M in funding over the next three (3) years for capital readiness and technical assistance.
2. [Made in California](#) program is set to kick-off within 30-60 days. Looking to highlight CA made products. Want to package resources to assist participating businesses.

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

**Member:** Regarding Made in California, is this program for goods only or are service providers able to participate?

**Reply:** If you have potential ideas for services, please reach out to [CalOSBA](#).

**Member:** What is the best way to connect with GoBiz to get expansion support within the state?

**Reply:** CalOSBA will help get businesses integrated into the innovation hub network and matched with the appropriate regional hub.

**Member:** Can you provide info on HUB Zone changes/increases?

**Reply:** This is outside of CalOSBA's purview, but we will make a request for that information.

### **Legislative Update**

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Corrina Roy, Legislative Consultant, DGS Office of Legislative Affairs provided an update on three (3) pieces of legislation DGS is tracking.

1. AB [265](#): Small Business Recovery Fund Act. \$100M in funding and would be administered by CalOSBA. Nearly 90% would provide grants to small businesses and non-profits affected by a state of emergencies proclaimed by the Governor. The bill would sunset January 2032.
2. [SB 70](#): This bill would expand the value of SB/DVBE Option contracts to \$350,000 and correlate it to consumer price index (CPI). Will also require a biennial review for adjustments.
3. SB [713](#): This bill would require DGS to create an Employee Stock Ownership Plan (ESOP) certification for contractors that meet specified criteria. No bid preference is required but Caltrans would be required to award a certain percentage of contracts to ESOP contractors. CalOSBA would be required to compile a list of ESOP certified contractors.

### **Member Questions or Comments**

**Member:** Most SBs are Microbusinesses; can legislatures be educated on the variance between the disparity and that Microbusinesses are the businesses that need procurement opportunities?

**Reply:** Thank you for your comment.

## **Procurement Updates - Acquisitions**

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

1. Upcoming Leveraged Procurement Agreements (LPAs):
  - a. Hydrogen fuel (statewide contract); multiple awards, will be awarded regionally.
  - b. Sand and cinders, road abrasives (statewide contract); multiple awards, will be awarded regionally.
  - c. Paper grocery bags (statewide contract).
  - d. Pavement markets (statewide contract).
  - b. Temporary health care services (master agreement); rebid contract.

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

**Member:** Does the Temporary Health Care services include IT services?

**Reply:** No, it is only for medical/health care professional services.

**Member:** Are solicitations in Cal eProcure linkable to another website?

**Reply:** Yes, but you would have to link to individual solicitations.

## **OSDS Program Updates**

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Jon Gaskell, OSDS Business Outreach Liaison, DGS Procurement Division, provided the following updates:

1. Certification Updates (as of 2/25/25):
  - a) There are 20,815 certified firms (including duals/triples) with 18,326 SB-Micro certifications, 2,489 SB certifications, 5,437 SB-PW certifications, 2,218 DVBE certifications, and 2 NVSA certifications. There are 242 NP recognitions. Certified firms can have multiple certifications.
    - i. SB-PW breakdown by other cert types:
      - a. SB-PW only – 1,024 (GARS up to \$43 million)
      - b. SB-PW & SB Micro – 3,784 (GARS up to \$6 million)
      - c. SB-PW & SB (non-Micro) - 431 (GARs up to \$18 million)
2. Compliance Updates (as of 2/25/25):
  - a) There are 15 program abuse open cases, 49 compliance reviews under evaluation, and 1 certification appeal being processed.
  - b) OSDS has implemented a pilot policy to reduce the certification application backlog and prevent future backlogs. Manually reviewing most applications after approval. The application backlog has been reduced by approximately 98%.
  - c) Bid Due Date (BDD) expedited requests must be received no later than the same day applications are submitted.
3. SB/DVBE Training Unit Updates:
  - a. The call for nomination for certified businesses to participate has been completed. Classes will begin in May.
4. Statewide Advocacy Program Updates:

- a. The 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 include:
    - i. Adopting a SB/DVBE First Policy.
    - ii. Sending 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 AB 2019 remedial actions workgroup is finalizing its recommendations for review and approval. The law requires remedial actions for departments not meeting their SB and/or DVBE participation goals for 3 out of 5 years to be published in next year's Consolidated Annual Report.
5. Outreach Updates:
- a. In the last quarter, 49 outreach events in total; 37 in-person, and 12 virtual events. Some organizations we teamed up with include:
    - i. Asian Business Association of Orange County
    - ii. California Black Chamber of Commerce
    - iii. California Tribal Chairpersons' Association,
    - iv. California High Speed Rail Authority
    - v. El Clasificado
    - vi. Metropolitan Water District of Southern California
    - vii. Nor-Cal Apex Accelerator
    - viii. Northern California Small Business Development Center
    - ix. North San Diego Small Business Development Center,
    - x. Orange County Inland Empire Small Business Development Center
    - xi. Southwest Veterans' Business Resource Center
  - b. Upcoming events (partial list):
    - i. CHCC Business Policy Summit – April 10
    - ii. RECON Live Resource Conference – May 2
    - iii. Bay Area Small Business Procurement Summit – May 13
    - iv. Get in the Game, LA Area Chamber of Commerce Summit – June 5
  - c. Workshops and Webinars Series (partial list):
    - i. "How to do Business with the State of CA" & "I'm Certified Now What?" - Fresno Area Hispanic Foundation – May 22 and 29
    - ii. "I'm Certified Now What?" & "Contracting with California Government" – Nor-Cal Elite Disabled Veterans Network – May 29
    - iii. "How to do Business with the State of CA" & "I'm Certified Now What?", Norcal Apex Accelerator – May 31 and June 21
6. OSDS Communications:
- a. LinkedIn 3<sup>rd</sup> Quarter
    - i. 50 total posts
    - ii. 1,739 total followers with 11.38% engagement rate
  - b. 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
- c. GovDelivery email communications:
  - i. Generative AI solicitation
  - ii. Emergency Registry notification
  - iii. LA wildfire response RFP notification
  - iv. Diversity Symposium notification
  - v. ERGSO form notification
  - vi. Training cohort call for nominations

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

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

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

**Member:** If a contract was awarded to a SB that lost its certification after a manual review, does the business have to pay back the award?

**Reply:** If there is fraud, there will be an investigation. If there is no fraud, the state won't be able to claim credit for the SB/DVBE participation. This would be a case-by-case scenario.

**Member:** Is there a percentage of certification denials of applications?

**Reply:** The SB/DVBE certification program has an average of 4% of certification application denials. In house reviews can result in deficiencies and ultimately discontinuances, mostly because of a failure to respond to OSDS request for information and/or deficiencies.

**Member:** For a business that has responded to a solicitation/RFP, what is the state's time frame for award?

**Reply:** There is no standard time frame. It will vary, depending on the department and the RFP, especially if there are multiple vendors. Most often the state requests bidders to hold their quotes for 45 days. The solicitations and/or amendments will include these time frames.

**Member:** Can we receive a copy of the presentation? We would like the list of upcoming events.

**Reply:** We will provide the presentation and a list of upcoming events.

**Member:** Will DVBE certification requirements for LLCs change from 100% to match the 51% for other business structures?

**Reply:** That requirement is in the *Public Contract Code 10115.9*, and any change would require a legislative change.

**Member:** Where can we find the list of agencies that are not meeting the DVBE goal?

**Reply:** In the [Consolidated Annual Report \(CAR\)](#), in the [Exhibit -Executive Summary- SB/DVBE Participation by Agency](#) on the DGS website.

### **AB 2019 & SB/DVBE Program Updates**

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Anda Draghici, OSDS Branch Chief, DGS Procurement Division, provided the following updates:

1. The 25% statutory SB contracting participation requirement has been communicated through broadcast bulletins and the “In-Focus” publication which also references AB 1574 and AB 2974.
2. Supplier diversity information is shareable (voluntary) in Cal eProcure, including other certifications, e.g., federal Disadvantaged Business Enterprise, (DBE), 8(a), etc. Currently more than 8,800 businesses have shared that information to date.
3. Marketing the SB certification to DBEs has been completed. To date, nearly 800 DBEs have received an SB or DVBE certification.
4. Establish remedial actions for departments that do not meet the 25% contracting mandate are being worked on by a multi-department workgroup. Remedial actions are to be published in the Consolidated Annual Report (CAR).
5. Disparity study is in progress with an estimated completion date of December 2025.
6. OSDS has established and continues processes to engage in general as well as focused outreach activities to support diversity in SB/DVBE participation.

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

**Member:** What are departments at risk of?

**Reply:** The departments would be at risk of having to apply remedial actions to help meet their contracting obligations.

**Member:** What are the main reasons being cited for not meeting contracting requirements?

**Reply:** Reasons cited include emergency contracts, especially during the pandemic; contracts are too specialized.

**Member:** Is there a way to provide the SBAC a list of departments that DGS supervises?

**Reply:** DGS doesn't supervise procurement but rather collects data from mandatory reporting departments. The CAR provides this information for these departments.

**Member:** Do you have a report that shows the dollars spend for different ethnicities?

**Reply:** The [ERGSO report](#) in CAR compiles information voluntarily provided by prime contractors on state contracts regarding their Ethnicity, Race, Gender and Sexual orientation, but data received is very limited.

**Member:** Are non-material issues being tracked for bid non-responsiveness and is there a way to find common issues? Or can they be tracked?

**Reply:** There isn't a statewide system where bid non-responsiveness is being tracked. Certain requirements are statutory and must be performed. The training unit is establishing a cohort training program to educate SB/DVBEs on best practices, common mistakes, etc.

### **SBAC Committee Updates**

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## **Procurement Processes Committee**

Charlotta Carter, Chair, presented the committee report.

1. The Procurement Processes Committee has been working on three major goals:
  - a. Clarifying RFP requirements, which are often too specific or burdensome to allow SB/DVBES to participate.
  - b. Defining what AB 2019 mandates.
  - c. Addressing prompt payment issues between prime contractors and subcontractors.

## **No Member Questions or Comments**

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

Merv Cutler, Chair, presented the committee report.

1. The committee wants to align activities with the process committee on things like prompt payment.
2. The committee wants consistency in messaging to small businesses on process, requirements, etc., but also to begin small business mentoring.

**Member:** Where can we find prompt payment in public works contracting, to possibly codify it in other procurement codes.

**Reply:** Existing prompt payment requirements for public works will be shared with the committee.

## **Commercially Useful Function Committee**

Lee Cunningham, Chair, presented the committee report.

1. The charge of the CUF Committee is to take a look at CUF across differing acquisition types and businesses. The committee has broken these considerations into non-IT goods and services, construction and IT.
  - a. Construction: no real issues in this area.
  - b. Non-IT: The committee looked at the CUF process and is now evaluating implementation.
  - c. IT goods and service: there seems to be a misalignment between services requested and the role a company plays. More at the next meeting.

## **No Member Questions or Comments**

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

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Diane Lydon, OSDS Business Outreach Manager, presented the new action items.

1. Notify members when CAR is published and provide the link:  
[www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-Consolidated-Annual-Report-for-State-Contracting](http://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/File-Consolidated-Annual-Report-for-State-Contracting).
2. The disparity study link to participate in interviews will be shared.

3. An update on HUB Zone areas to be provided by SBA at the next meeting.
4. Provide the link to upcoming solicitations from DGS webpage: [www.dgs.ca.gov/PD-SB-DVBE-Resources](http://www.dgs.ca.gov/PD-SB-DVBE-Resources).
5. Provide members a list of events through June and the link to all upcoming events: [www.dgs.ca.gov/en/PD/Events](http://www.dgs.ca.gov/en/PD/Events).
6. Provide the link to the Statewide Procurement Data Dashboards: <https://www.dgs.ca.gov/PD-Dashboards>.
7. Phil Vermeulen will share the language on prompt payment code for public works with council.
8. A demonstration on the Consolidated Annual Report (CAR) and procurement dashboards at the next Process Committee.

### **Public Comment**

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1. Diane Tate: It would be great to have a resource which would allow for a preliminary review on submission of solicitation.
2. Maria Molina Solano, National Latina Business Women's Association: members are invited to the business matching making event on June 10, 2025.
3. Mike Sabellico: APEX Accelerator can provide a preliminary review prior to solicitation submission. OSDS staff has done a tremendous job over the last year for outreach, training, and all interactions. Good luck and thank you to Diane Lydon.
4. Anda Draghici: Thanks to Diane Lydon for her time with DGS and congratulations on her new job. Diane is leaving DGS/OSDS to join CalOSBA.

### **Adjournment**

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1. The next quarterly meeting scheduled for June 4, 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 and seconded by the entire council.
3. The meeting was adjourned at 3:42 p.m.