



D4 Small Business Council Meeting Minutes

DATE: 10/8/08

TIME: 1:00 – 2:30pm

LOCATION: District 4, Executive Conference Room, 15-240
111 Grand Ave., Oakland, CA

D4 CALTRANS STAFF PRESENT

Bijan Sartipi, District Director
Tony Anziano, Toll Bridge Program Manager
Dan McElhinney, Chief Deputy District Director
Stewart D. Ng, DDD, Program/Proj Mgmt
Nader Eshghipour, DDD, Maintenance
Dan Hess, DDD, Administration
Bob Finney, DDD, Construction
Lee Taubeneck, DDD, Trans Plan/Local Assist.
Lenka Culik-Caro, DDD, Division of Design
Steve Whipple, Division of Construction
Barbara Condie, Division of Construction
Bonny Nyaga, Division of Construction
Saeed Safi, Division of Construction
Stanley Ng, Branch Chief, Maintenance Services
Trinity Nguyen, Consultant Services
Romy Fuentes, Consultant Services
Derek Pool, Toll Bridge Program
Brian White, Office of Business Management
Kim Byrne, Office of Business Management
George Crosby, D4 Small Business Liaison
Augusta Solano, Small Business Branch
Adriana Harris, Small Business Branch
Osayahde Nesbitt, Small Business Branch

HQ & AGENCY STAFF PRESENT

Olivia Fonseca, Deputy Director, HQ Civil Rights
(via telephone)

COUNCIL MEMBERS PRESENT

Arvin Chaudhary, ACEC/CELSOC
Paul Guerrero, California Small Business
Entrepreneurs
Diana LaCome, National Concilio of America
Leslie Sakai, Asian American Architects &
Engineers
Jesus Vargas, Hispanic Chamber of Commerce /
Women’s Transportation Seminar
Julian Camacho, Hispanic Contractors Assoc.

GUESTS

Pat Padilla, Padilla and Associates
Rick Ohlrich, East Bay Small Business
Development Center

Item #1: Introductions

District Director Bijan Sartipi chaired the meeting of the October Small Business Council. Mr. Sartipi announced that Mr. Julian Camacho would be joining the D4 SBC as a council member representing the Hispanic Contractors Association. He then welcomed everyone, and the meeting attendees introduced themselves.

Item #2: Approval of Minutes

September 12, 2008 Meeting Minutes:

Motion: Ms. Diana LaCome; Second: Mr. Arvin Chaudhary; Opposed: None; Approved: By consensus.

Item #3: District 4 Updates

Construction Update:

Mr. Steve Whipple referred to the documents "Forecast of Upcoming Construction Projects in District 4 as of 10-3-08", "Awarded Projects in District 4 as of 10-3-08", and "Mentor Protégé Program for Construction (10/8/08)" to brief the council on this topic. In the "Advertised and Upcoming Projects" section of the "Forecast" spreadsheet, he noted that 5 jobs would be opening in November (3A0701, 1E0401, 4A5201, 0T10U1, and 4A5201); 3 jobs would be opening in December (129651, 04A4801, and 253781); and contract# 0120S1, the new Bay Bridge job, would be opening in January of 2009. In the section "Projects Bid Opened/Currently Awaiting Award," Mr. Whipple updated the council on two jobs: the apparent low bidder for contract #0A10U1 is OC Jones and Sons Inc, and the apparent low bidder for contract #207771 is Sausal Corporation (certified at 4.3% DVBE). Mr. Bijan Sartipi pointed out that the apparent low bidders' subs are listed, as well. Regarding the "Projects Ready to List But Not Yet Funded" section, Mr. Whipple explained that there are no advertising dates (either planned or actual) available at this time from HQ. Mr. Sartipi pointed out that these projects are Ready to List, and Mr. Whipple noted that many of these projects are subject to CTC votes coming up. Ms. LaCome asked about the CTC, and Mr. Sartipi explained that the CTC vote is for allocation of the funds, then advertising and award can take place. For the "Projects Under Sacramento Office Engineer Review (not RTL yet)," Mr. Whipple distributed to the council a list of the estimated RTL dates. Mr. Whipple explained that the three pages of report titled "Awarded Projects in District 4 to October 3, 2008" depict historical data going back a year and a half, with the brown highlights showing the summary totals for each contractor. Regarding Mr. Camacho's question about the "DBE Goals" and "DBE Cert" columns, and Mr. Whipple said that these columns have been carried over from the time when this information was tracked and DBE information will be added to the report when the Department moves back into reporting this. Ms. LaCome commented that there is a wide disparity between the bid amounts and engineer's estimates. Mr. Sartipi responded that from June 2007 to July 2008, bids were coming in at an average of 25% below the engineer's estimate, and since January of 2008, bids have been coming in at an average of 30% below. However, since July 1, 2008 which is the beginning of the fiscal year, the disparity between the engineer's estimates and the bid amounts has been shrinking in the context of fewer projects. Ms. LaCome drew the council's attention to Central Fence Co, which had a summary total engineer's estimate of ~\$5M but only a summary total bid amount of ~\$3.5M. Mr. Sartipi said that trends like this show the favorable market, but also could be due to the quality of the engineer's estimate which is based on the market. Overall, Mr. Sartipi noted that the reality is that statewide the number of bidders has increased. Mr. Whipple added that some jobs have had 16 bidders where there used to be 3 or 4. Mr. Guerrero suggested that since time and materials are the same for all bidders, either bidders are not paying the prevailing wage or are using substandard materials. Mr. Whipple assured the council that Caltrans is diligent about materials testing and payroll monitoring on every project. Mr. Sartipi added that no materials are admitted to the job site without being first tested. If a company risks this, they will go out of business. Mr. Camacho asked if every district uses the same cost estimating handbook and standards, and Ms. Lenka Culik-Caro responded that the *Project Development Procedures Manual*, the statewide guideline, has a section that covers cost estimating practices, and each district develops its own forms for estimating and is required to certify its estimates. District 4 is careful to adjust prices of materials to the current market. Mr. Sartipi noted that if you go back in history, at one point in time bids had been coming in 30% or more above engineer's estimate. In this situation, the district had to seek reallocation of funds by the CTC which made it difficult for D4 because it delayed award of contracts. District 4 is trying to change from an estimating method based on past market trends to an estimating method based on projected trends, which is more difficult. Mr. Sartipi explained that one factor is that the market tanked and created more competition. Mr. Camacho observed

that it is important to note differences in disparity between engineer's estimate and bid amounts from district to district, and Mr. Sartipi reiterated that it is a statewide trend that bids are coming in 30% below engineer's estimate.

Referring to the handout "Mentor-Protégé Program for Construction," Mr. Steve Whipple responded to Mr. Eddy Lau's 9-12-08 request for an update on this program. Mr. Whipple reported that D4 had sent out approximately 440 letters to potential protégés, applications are due by October 10th, 28 replies have been received so far, and screening would take place later this month. Mr. Whipple noted that page 2 of the handout shows the number of letters sent and received by classification license type, as well as the names of 20 of the 28 contractors who have replied. There are 8 mentors in the program, and 2 of these are technically tentative at this point. The kick off and pairing event is tentatively scheduled for November 6th in the afternoon/evening timeframe. Mr. Camacho asked how D4 determined who to send letters to, and Mr. Whipple said that letters were sent to those with appropriate licenses on the Emergency Contracts contact list to companies in the Bay Area. Mr. Sartipi reminded the council that this letter had been shared with the council via email on 10-1-08 and asked that the council help spread the word to interested contractors about this program. Ms. LaCome asked to see a draft of the MOU to see how specific it is. Mr. Whipple said that the draft MOU could be tailored to each mentoring situation. In response to Mr. Jesus Vargas' question, Mr. Bonny Nyaga clarified that all of the protégés were SBEs and/or DVBEs. Mr. Sartipi observed that not all of the 28 protégé applicants will be admitted because there are only 8 potential mentors. The program is starting fairly small until the process is refined and interest can be built. Mr. Sartipi said that D4 was very proud of getting the program started and would continue reporting back to the council on this. Ms. LaCome commented that at the AGC meeting Mike Ghilotti was very excited about getting involved in this program.

Maintenance Update:

Mr. Stanley Ng referred to the documents "District 4 Emergency Contracts Small Business Utilization Report FY 08/09 Director's Order Force Account (9-30-08)" and "District 4 Emergency Contracts Small Business Utilization District Director's Order Force Account End of FY 07/08 Report (Revised)" to brief the council on this topic. Regarding the "Director's Order Force Accounts" document, he updated the council that the contract for \$500,000 had been awarded to Half Moon Bay Paving and Grading, which is an SBE. Regarding the "District Director's Order Force Account End of FY 07/08 Report" document, he highlighted that a contract had been awarded to AFA, which is a DVBE. He noted that there have been no Informal Bids or District Director's Orders yet this fiscal year.

Design Update:

Ms. Lenka Culik-Caro referred to the handout "Proposed Minor B Projects for Small Business, FY 08/09 (10-2-08)" to brief the council on this topic. She said that there had been no changes since last month's report. Ms. LaCome asked if Golden Bay Fence had been added to the call list for Minor B projects, and Ms. Culik Caro said that Golden Bay was on the list. Regarding Mr. Guerrero's question from last month regarding EA#2L2600, Ms. Culik-Caro said that she had contacted Mr. Guerrero to let him know that D4 does not have the contract plans yet ready for this project.

Architecture and Engineering A&E Update:

Mr. Romy Fuentes referred to the following documents to update the council on this topic: "Recently Executed A&E Contracts / Recently Executed Non-A&E Contracts / Upcoming New A&E Contracts (10-1-08)", "SBE Status Quarterly Update (9/5/08)", "DVBE Status Quarterly Update (9/5/08)", and "DBE

Status Quarterly Update (9/5/08)". He noted that there are very few changes from last month and drew the council's attention to contract #04NEW286-08 which would be advertising in January 2009. Regarding the "SBE Status Quarterly Update (9/5/08)" report, Mr. Fuentes highlighted that overall an average of 36% SBE had been proposed and overall 53% SBE had been achieved to date. Regarding contract #04A2600, Mr. Arvin Chaudhary asked if Consultant Services was addressing the fact that CH2M HILL had invoiced 0% SBE even though three quarters of the time for this contract had expired, and Ms. Trinity Nguyen said that the contract was to provide claims and scheduling on the SAS. The prime had proposed for the SBE to do the claims work which had not yet materialized. Regarding the "DVBE Status Quarterly Update (9/5/08)", overall an average of 4% DVBE had been proposed and overall 11% DVBE had been achieved to date. Regarding the "DBE Status Quarterly Update (9/5/08)", overall an average of 24% DBE had been proposed and overall 25% DBE had been achieved to date. Mr. Fuentes underscored that this achievement was based on Availability Advisory Percentage (AAP), in lieu of a formal DBE program in the state. Regarding contract #04A2810, Mr. Chaudhary asked about the low-seeming 4% goal, and Ms. Nguyen verified that 4% was correct. Because the state is not tracking DBE, the trend is that firms increase their proposed SBE % and decrease their proposed DBE %. For this reason, it is important to consider the average of a firm's proposed DBE, SBE, and DVBE percentages. She added that most firms have been averaging 17%.

Regarding the "DBE Status Quarterly Update (9/5/08)", Mr. Camacho commended D4 on its overall percentage of DBE usage achieved to date. He then requested that Consultant Services report to the council data on the name, race, ethnicity, and gender of the firms in the "DBE(\$ Invoiced to Date" column. Ms. Trinity Nguyen said that she would be able provide the names of the firms easily but said that data mining of race, ethnicity, and gender information would be time consuming. Mr. Guerrero said that he thought the court decision required that Caltrans track the DBEs by ethnicity to determine if there had been discrimination, and Ms. Olivia Fonseca replied that this is true. Currently, Caltrans' DBE program is race-neutral, and therefore HQ Civil Rights is required to report information on race, ethnicity and gender designation of DBEs to FHWA on a semi annual basis. Ms. Fonseca said that HQ Civil Rights does not distribute the semi annual report to the districts. Mr. Camacho noted that it is difficult to tell how effective outreach programs are by protected class if this data is not made available. Ms. Nguyen said the race-neutral DBE program specifies no contractual requirement to provide this information, but during the race-conscious DBE program 5 or 6 years ago, the certifications listed the myriad of breakdowns of separation. In response to Ms. LaCome's question, Ms. Fonseca confirmed that the prime contractors only have to list that they have a DBE and they may not specify what that DBE is. Ms. LaCome followed up by asking how HQ Civil Rights gathered the data in order to report to FHWA, and Ms. Fonseca replied that her office must look up each firm in the HQ Civil Rights directory to gather race, ethnicity, and gender designations. Ms. LaCome observed that this is very time consuming, when the primes could just have provided this information to Caltrans in the first place, and Ms. Fonseca underscored that under the race-neutral DBE program primes do not identify race, ethnicity or gender designations of DBEs. Even so, Mr. Camacho said that the Hispanic Contractors Association is very interested in knowing the designations of the DBE firms. He added that a primary reason for his membership on the D4 SBC is to be able to monitor these trends. Mr. Sartipi acknowledged that this is valuable information to have but expressed concern about the amount of D4 resources that capturing this data would require. Mr. Sartipi said that, ideally, this information would be provided to Caltrans by the primes and would therefore be easy to capture and present to the council on a quarterly basis, but this would not be possible until the race-conscious program takes effect. Ms. Fonseca said the timeline for the race-conscious program to take effect is dependent on FHWA approval of the program's goals. Ms.

Fonseca noted that HQ Civil Rights would be reporting on race, ethnicity, and gender attainment to Federal Highways by the end of the month. Pending approval of the race-conscious program by FHWA, Mr. Sartipi suggested that Ms. Fonseca provide the council with the DBE race, ethnicity, and gender data from this month's FHWA report, and Ms. Fonseca said that she would be able to do this. Mr. Camacho said that this was an acceptable compromise.

Toll Bridge Program Update:

Mr. Tony Anziano, Ms. Pat Padilla, and Mr. Derek Pool updated the council on this topic. Mr. Anziano drew the council's attention to contract #04-NEW294-08 / 04A3144 on the Consultant Services "Upcoming New A&E Contracts" report. He pointed out that the firm selected for this contract was Caltrop. He noted that this contract had been the subject of much discussion in the council meetings and thanked the council for encouraging Caltrans to go in new directions to open up competition. Ms. Pat Padilla reported to the council that the 9-18-08 Bidder's Conference/Contractor Outreach for Yerba Buena Island Transition Structure, Contract #1 (Contract No. 04-0120S4) was a great success in terms of small business and their expectations, based on the feedback received. The message was sent that Caltrans is committed to increasing small business opportunities. Prime contractors were very involved in the event, and the day was strategically arranged to ensure maximum networking opportunities, including during lunch and the job walk. There were 152 registrants, including 12 prime contractors. Approximately 49 attendees were SBE, DVBE and/or DBE firms. Resource partners were also in attendance, including Cypress Mandela Training Center, Inc., AGC, OCIP, CityBuild, East Bay Oakland SBDC Center, Nor-Cal FDC and DGS, which performed onsite certification. She drew the council's attention to the handout "SF-Oakland Bay Bridge Seismic Safety Projects: Fact Sheet Small Business Program" and the program website located at: <http://baybridgeinfo.org/smallbusiness>. The website identifies all pertinent information related to the contract, including the contract bid items, plan holders list, bidder inquiries, potential small business opportunities & event participant list. Ms. Padilla announced that the Team will develop a survey to go out to existing contractors to determine what their needs are. Also, the Team will develop a series of trainings for subcontractors based on the results of this survey and a prior survey put out by Mr. Derek Pool's that assessed subcontractor needs. Mr. Pool emphasized the importance of providing to subcontractors a comprehensive summary of upcoming D4 opportunities, not just those related to the Bay Bridge. Mr. Sartipi noted that there were many principals in attendance from potential prime contractor firms. Ms. Padilla added that requiring the primes to attend the job walk at the outreach event maximized networking opportunities.

Mr. Paul Guerrero asked if Yerba Buena Island and Treasure Island were federal property, and Mr. Anziano responded that Caltrans was granted all necessary property rights including temporary construction easements by the federal government some time ago for the project. Eventually, the property will be entirely owned by San Francisco, except for areas under the Coast Guard.

Over \$5K Service Contracts Update:

Mr. White referred to the report "Upcoming Maintenance, Administration, and Right of Way Contracts over \$5K (10/6/08)" to update the council on this topic. He said that the report provides a very advanced look ahead at contracts that may appear on DPAC's website in the future. Not all of the contracts on the "Upcoming Maintenance, Administration, and Right of Way Contracts over \$5K (10/6/08)" report will necessarily appear on DPAC's website. He emphasized that the DPAC website only advertises these contracts for 10 days. Ms. LaCome asked who should be contacted about these contracts, and Mr. White said that DPAC should be contacted. Mr. Sartipi observed that many of the contracts begin in 2009 and

underscored that the “Upcoming Maintenance, Administration, and Right of Way Contracts over \$5K (10/6/08)” report shows contracts which have been requested but not necessarily approved. Mr. Jesus Vargas asked whether he can assume that contracts with an EA number are further along in the system, and Mr. White said that this is sometimes the case unless the contract is a renewal or an extension. Ms. LaCome asked if some of these contracts would show up as Minor Bs, and Mr. White clarified that these are service contracts. Mr. Camacho asked if these contracts require a performance bond, and Mr. Sartipi said that these contracts have the same requirements as any other contract issued through DPAC.

Item #4: Review of Past Action Items

Mr. Dan Hess led a review of the action items carried over from the 9-12-08 SBC meeting.

Action Item #3908 is ongoing: Mr. Anziano updated the council that one of the subcontractors, who provided diving services, has been paid in full. In the case of the other subcontractor, who provided trucking services, there had been a misinterpretation by the trucker of what materials could be taken into a Class 2 Hazardous Waste Facility. He has been paid in full for all but one item, and MCM is trying aggressively to resolve this on a non-contractual basis. Mr. Anziano said that there should be significant progress by the next SBC meeting.

Action Item #4008 is closed: Mr. Sartipi said that the council has received a couple of emails from Mr. Peter Ramirez stating that he had not yet been able to get access to the database of 150-300 DVBE names. Mr. Sartipi requested that this action item be removed from the October 8th minutes in the hopes that Mr. Ramirez would come back to the SBC meetings. Ms. LaCome asked whether the council should go directly to the CPUC to get the list, and Mr. Crosby commented that the CPUC had been unwilling to share the list. Mr. Sartipi said that the council would track this internally and remove the action item.

Ms. LaCome asked about Action Item #3408 [see p. 10] for the Statewide SBC, and Mr. Sartipi said that Mr. Eddy Lau had volunteered to bring up this action item to the Professional Services Committee of the Statewide SBC. Mr. Hess noted that it was on page 10 of the 9-12-08 SBC minutes on the list of action items deferred to the Statewide SBC.

Item #5: New Business

Mr. George Crosby announced upcoming Small Business Program events. On Friday, October 10th, there will be a Quarterly Outreach for Primes, Subs, SBEs and DVBEs that provides a sneak preview of D4 upcoming projects, and there will be speakers from ACTIA and SBDC. This event will be held at the Elihu M. Harris State Building at 1515 Clay Street Room 1 in Oakland from 10-1pm. [UPDATE 10-9-08: The outreach flyer was emailed to council members on 10-8-08 and posted on the small business website at http://www.dot.ca.gov/dist4/smallbusiness/docs/quarterly_outreach101008.pdf.] Mr. Crosby drew the council's attention to the flyer in the meeting folders advertising the Women and Minority-Owned Businesses Forum hosted by Congresswoman Barbara Lee on Saturday, October 18th from 9 to noon. Mr. Crosby also announced that Caltrans District 4 is hosting a business procurement fair in partnership with the Port of Oakland on November 4th from 9:30am to 2pm at the Jack London Aquatic Center at 115 Embarcadero in Oakland. The fair will enable vendors, especially disadvantaged, small, and disabled veteran businesses, to meet Caltrans purchasers and have an opportunity to network and sell their products. Flyers will be sent to Bay Area Chambers of Commerce and vendors. Mr. Crosby announced the Solano County Route 12 Rehab Mandatory Outreach which will tentatively be held in the District Office Building on November 6th from 10-2pm.

Ms. Leslie Sakai announced that the Asian American Architects & Engineers would be holding its annual dinner event on November 14th at 6pm at the Hotel Nikko in San Francisco. AAA will be honoring Mr. Eddy Lau and Ms. Trinity Nguyen, and the speaker will be from Sasaki Associates, an architectural firm that worked on the Beijing Olympics.

Item 6: Adjournment and Announcements

Mr. Sartipi adjourned the October meeting at 2:30pm and announced that the next D4 SBC meeting would be on Friday, November 7th, 2008 at 9:30am [NOTE: council members were notified via email on 10-21-08 that the meeting date and time had been rescheduled to **Wednesday, November 19, 2008 at 1pm**] in the Executive Conference Room. Mr. Crosby reminded the council to submit to him their availability for the 2009 SBC meetings.

District 4 Small Business Council Action Items as of October 8, 2008:

No.	Item	Assignee	Date	Status	Comments
3908	Mr. Guerrero asked Mr. Derek Pool if any progress had been made on payment of time and material contractors on the Oakland Touchdown #1 project. Ms. LaCome asked Mr. Pool to check on this, and Mr. Pool said that he would follow up with Mr. Anziano on this issue and report back to the council.	Mr. Anziano/ Mr. Pool	8-13-08	Ongoing	Mr. Anziano reported on the current status of the dispute. Council requested that action item be retained pending payment of the sub.

District 4 Small Business Council Items Deferred to Statewide Council as of October 8, 2008

No.	Item	Assignee	Date	Status	Comments
1306	DDD Hess will follow up with HQ to ascertain services provided by GCAP as per contract received.	DDD Hess	3/8/06	Ongoing	Reinstated 8/9/06. Contract under review. Council members Guerrero and Altaha will serve on RFP review committee.
1706	DDD Hess will examine existing web-based registration for contractors with Office of Civil Rights	DDD Hess	4/12/06	Ongoing	8/9/06: Will need additional time for review and analysis.
3206	Elevate the concerns of the District 4 Small Business council regarding Caltrans' plan to implement the new insurance limits on January 1, 2007.	DDD Hess	9/13/06	Ongoing	Issue shared with Olivia Fonseca. Update provided on 10/11/06. Statewide SBC issue. Discussion included in 08/16/06 Statewide SBC minutes. Victor Salazar, HQ, is the lead on this issue.
1607	Mr. Finney agreed to research whether supply line items may be separated out of Prime contracts.	DDD Finney	3/14/07	Ongoing	An e-mail was sent to Deputy Fonseca on 5/16/07 by Mr. Hess. Mr. Hess will follow up on this item at the Statewide SBC meeting on 6/15/07.
2008	Reevaluation of the Good Faith Effort (GFE) Process for DBE and DVBE Outreach by HQ Civil Rights	Ms. LaCome & DDD Hess	4-16-08	New	DD Fonseca was informed of this action item on 4-18-08 by Mr. White and then emailed the text of it on 4-21-08
2508b	Mr. Guerrero wanted to know how quickly newly certified small businesses--who submit their names 'via the web'---get	DDD Hess	4-16-08	New	DD Fonseca was informed of this action item on 4-18-08 by Mr. White

	on D4 Maintenance's Emergency Contact Information list				and then emailed the text of it on 4-21-08
2908	Mr. Guerrero requested that that all of the action items deferred to Statewide SBC be followed up on and that the Statewide SBC report back to the D4 SBC as to how these action items have been dealt with or resolved.	DDD Hess	4-16-08	New	DD Fonseca was informed of this action item on 4-18-08 by Mr. White and then emailed the text of it on 4-21-08
3308	Mr. Lau asked that Caltrans break up contracts like 04NEW294-08 into further pieces. For example, Caltrans should break down the work into two categories: domestic US and international. Also, within the international category, Caltrans should break down contracts by countries. In addition, whoever gets the contract should use local talents, and international firms should use local qualified inspectors because this would save money as well as provide opportunities for local small business. He underscored that he is not asking for a sacrifice of quality.	Mr. Anziano	7-9-08	New	Also listed as District 4 Action Item #3308
3408	Via the Professional Services Committee, follow up with DPAC regarding outcome of the DPAC task force assigned to update the selection criteria for interview panel members for service contracts.	Mr. Lau	9-12-08	New	

District 4 Small Business Council Meeting Schedule
Remaining Meetings for 2008 (rev. 10/21/08)

Type Meeting	Date/Time	Meeting Location
Monthly Meeting, District 4 Small Business Council	11/19/08, 1:00 p.m. (Wednesday)	Exec. Conference Room, District 4 Offices, Oakland
Monthly Meeting, District 4 Small Business Council	12/12/08, 1:00 p.m. (Friday)	Exec. Conference Room, District 4 Offices, Oakland