



**Statewide Small Business Council Meeting Minutes -  
June 25, 2010**

Caltrans - District 3  
2800 Gateway Oaks Drive  
Sacramento, CA 95833  
Teleconference Phone: (877) 501-5202

**Statewide Council Members Present**

Camacho, Julian	HCA
Cunningham, Lee	CWOE
Dryden, Richard	DVBEA (Alternate)
Golliet, Gene	SDVOB
Guerrero, Paul	CAL-SBE
Hassoun, Sam	GLA
Hou, Jonathan	ABA
James, John	NAMCSC (Alternate)
Jordan, Fred	SFAABCC
LaCome, Diana	NCA
Lau, Eddy	AAAE, SFO
Ortiz, Leonard	LBA (Alternate)
Patten, Ezekiel	BBA
Ramirez, Frank	CM (Alternate)
Vargas, Jesus	SJCHCC

**Caltrans Staff Present**

Dougherty, Malcolm	Interim Chief Deputy Director
Bayar, Zoe	DPAC
Douglas, Jim	Project Management
Gastinell, Sherri	Acting Chair
Hanohano, Lyda	OBEO
Land, Richard	Project Delivery
Lopez, Rebekah	Local Assistance
Sartipi, Bijan	District 4
Sequeira, Alicia	District 10
Shell, Angela	Construction
Skewis, Rose	OBEO
Sultan, Mohsen	Local Assistance
Whitmore, Liza	District 3

**Guests**

Chong, Aaron	CAPCC
Kelly, John	Act I Group
Popck, Beverly	Asian Inc.

**Public Participation**

Nelson, Ron	CSH Planning
Stevens, Gary	CSH Planning

**Note:** Several participants did not sign in.

## Welcome/Introduction/Opening Remarks

Sherri Gastinell, Chief, External Equal Opportunity Program, Office of Business and Economic Opportunity (OBE), California Department of Transportation (Caltrans)/Statewide Small Business Council (SBC) Acting Chair (Chair) called the meeting to order at 1:10 p.m. Acting Chair Gastinell welcomed Statewide Small Business Council members, Caltrans staff, and guests; all were asked to introduce themselves. Guest speaker is Rob Wilcox, Inspector General's Office, to discuss the spending of recovery act dollars coming into California.

Acting Chair Gastinell announced that Olivia Fonseca sends her regrets for not attending today's meeting and that two promotions have occurred within OBE: Janice Salais is now Chief, Disadvantaged Business Enterprise (DBE) Certification Program, and Acting Chair Gastinell is now Chief, External Equal Opportunity Program, formerly Rita Nelson's position, who retired.

Interim Chief Deputy Director Dougherty's opening remarks included:

- Director McKim could not make it today due to a scheduling conflict; however, he assured SBC members that these meetings are a priority for him and Director McKim so expect to see either one, or both, of them attend future meetings.
- Mike Miles has been appointed District 7 Director.
- State is facing the dilemma of non-passage of the State budget by the end of the current fiscal year. As long as funds remain, we will continue to make contract awards and construction payments. We anticipate making progress payments as scheduled unless the budget is not passed for several months. It's different for professional services contracts: June invoices will be paid; invoices received in July or after will have to wait for the new budget.
- Goals through May: Disabled Veteran Business Enterprise (DVBE) construction contracts 4.2%; DVBE professional services contracts over 7%; SB construction contracts 12.6% (awards made to small businesses as prime contractors); SB professional services 31.5%; federal fiscal year DBE attainment is just under 6%.
- Plan to continue the same emphasis on maximum participation and increasing mandatory pre-bids in the districts.
- Insurance limits: Will continue to talk about what issues are out there and steps to take; limited to what we can do legally. Caltrans can't take on too much liability and is driven by public safety.
  - Ideas presented by Council members: Look at the best practices in other states; are California's insurance requirements far more onerous than other states; create Owner Controlled Insurance Program for small contracts; and cover onsite, as well as offsite, as Associated General Contractors (AGC) offers.

### Items raised:

**Joint Checks:** Some Underutilized Disadvantaged Business Enterprises (UDBE) don't have a credit line to purchase materials for jobs, and primes are willing to dual signature to guarantee payment to the supplier. This is done in other states, but not in California.

- Caltrans response: Have approval from Federal Highway Administration (FHWA) to implement as part of our DBE program plan but need to put the mechanics in place to monitor and enforce joint checks.

**UDBE goal:** Interim Chief Deputy Director Dougherty responded that when the original goals were set, Caltrans was aware that this would be a process and changes would need to be made throughout the years.

- 63% of AGC's members are SB; their volume is under \$10 million.
- The market has shifted and more is going to subs rather than primes.
- Less than 6% DBE attainment and overall goal is 13.5%.

Interim Chief Deputy Director Dougherty indicated that this is why we bring out the numbers to see if we've made progress.

DBE certification: The matter to address the influx of applications and less certifying agencies is being researched, including contracting out.

- Councilmember Diana LaCome mentioned that there is an informational hearing on July 1<sup>st</sup> regarding certification action that Olivia Fonseca and Janice Salais will participate in.
- Interim Chief Deputy Director Dougherty stated that we will look at additional resources, which may include redirecting other resources.

Bid Items: A study of the private sector by AGC found that 90% of all DBE's are very small businesses; and, the majority would need to stretch to do \$500,000.

### **ITEM 1 – Approval of January 29 and March 26, 2010, Meetings Minutes**

January 29, 2010, Minutes

Motion: Councilmember Hunsaker

Second: Councilmember Hou

Approved by consensus.

March 26, 2010, Minutes

Motion: Councilmember Hunsaker

Second: Councilmember LaCome

Approved by consensus.

### **Guest speaker: Rob Wilcox, Inspector General's Office**

The Inspector General's Office is overseeing the implementation of the recovery act dollars. They are tasked with discovering problems, finding efficiencies, making sure rules are followed, and rebuilding public trust. Mr. Wilcox provided his contact information: [rob.wilcox@inspectorgeneral.ca.gov](mailto:rob.wilcox@inspectorgeneral.ca.gov) or (916) 323-9164 for questions, see problems or wasteful spending, or have suggestions for positive change.

Mr. Wilcox stated that there were initially problems with counties implementing the American Recovery and Reinvestment Act program. Counties never had this type of program and needed guidance from the federal government to set up and start. With the September 30 deadline, there's a move in Congress to extend the Act. He also mentioned high-speed rail is moving quickly on project delivery, and the concern is how to monitor those funds. Mr. Wilcox requested business cards of Councilmembers who want to be placed on the Inspector General's emailed "Alert List."

### **ITEM 2 – Statewide Committee Reports**

Committees met earlier in the day; refer to the Committee minutes for detailed updates.

#### **Professional Services – Councilmember Lau, Chair**

- Councilmember Lau stated that the Professional Committee was unable to meet with Jay Norvell regarding contracts advertised on April 5<sup>th</sup>. The Professional Services Committee passed a resolution

requesting Director McKim to place a moratorium on the contract awards until the Committee and SBC have a chance to meet with Mr. Norvell. This resolution was passed by the Professional Services Committee.

- Councilmember Lau just received news from Liza Whitmore that District 3 will split one contract into two, approximately \$10 million each, one for the Sierra region and one for the Valley region. These contracts will be advertised this summer.
- The Committee requested a data report from the Division of Procurement and Contracts for professional services contracts awarded over the last four years.

#### **Action Item:**

- Request Director McKim to place a moratorium on the contact awards until the Professional Services Committee meets with Mr. Norvell.

#### **Commodities – Councilmember McGlover, Chair**

- Commodities brochure needs to be approved and should be ready for next month's meeting.
- The Procurement Guide is in review.
- The Small Business Exchange is back on track but can't do much due to State budget.

#### **Construction – Councilmember LaCome, Chair**

- Request the DBE substitution process.
- What is the contractual obligation of Caltrans to those contracts awarded prior to Proposition 209. Also, how will it affect incomplete contracts and contracts that are currently ongoing. If the Supreme Court rules, on the Coral vs. City of San Francisco, that Proposition 209 is unconstitutional, what happens to the contracts that have DBE goals?
- Councilmember LaCome distributed a draft of the response to Notice of Proposed Rulemaking (NPRM) to 49 Code of Federal Regulation Part 26. She encouraged the member organization to review the draft and get back to her, by July 1, on co-authoring the comments.
- Caltrans to provide the Council with a copy of its comments to the NPRM.

#### **Action Item:**

- Email draft of NPRM to 49 CFR Part 26 to all SBC members.

#### **Local Agencies – Councilmember Camacho, Chair**

- The plan to review the utilization of DBEs at the local level is progressing at a great rate.

#### **ITEM 3 – Notice of Proposed Rulemaking - Discussion**

Discussion of Notice of Proposed Rulemaking occurred during Statewide Committees reports. See details in Item 2, Construction, report above.

#### **ITEM 4 – Public Comment/Good of the Order**

- Next month's committee meetings and awards ceremony will be at Councilmember Guerrero's home.
- Councilmember Golliet recommended that the Council consider having the Committee and Council meetings as one-day events. Conducting these meetings in one day would save time and money.

**Action Items:**

- Consider recommendation of one-day SBC meetings beginning with September 2010 meeting.
- HUB Zone (8a): How does it affect FHWA authority? Answer: HUB Zone does not affect 49 CFR Part 26.

**Meeting adjourned:** 3:05 p.m.

**Next meeting:** Friday, July 23, 2010  
At San Joaquin Council of Governments Building  
Stockton, CA

**Approved by:**



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OLIVIA FONSECA  
Deputy Director  
Office of Business and Economic Opportunity  
California Department of Transportation