

Caltrans State-Wide Small Business Council Meeting Record

July 28th, 2023, 8:30 a.m. – 12:00 p.m.

- Conducted via WebEx, Caltrans Headquarters, Basement Board Room, 1120 N St., Sacramento, CA 95814
- Next Meeting: September 14th and September 15th; Hybrid Meeting via WebEx and in-person at Headquarters in Sacramento, CA.

Action Items

- Create training for Small Business Council (SB) committee chairs and co-chairs about how to search for commodities reports by district.
- Confirm if JOC plans for the Middle Mile Broadband Initiative (MMBI) are available to share with the SBC.
- OCR will send out bonding and access to capital fact sheet.
- CA Black Chamber of Commerce will provide a link to the August 23rd event.
- Caltrans will provide an update on the progress with prompt pay.
- Caltrans will report back on the bonding policy to see if it is an obstacle for small businesses (SBs).

Welcome and Council Member Roll Call

- Meeting Start Time: 8:31 a.m.
- Quorum Reached: 8:36 a.m.
- Supreme Court Decision – Affirmative Action
 - There is no direct/immediate threat to the DBE program.
 - Equity in contracting may be challenged/at risk due to this decision.
 - Caltrans remains committed to encouraging and promoting equity in contracting practices. Caltrans will also continue to monitor the legal landscape.

Agenda Review and Meeting Record Approval

- No questions on the meeting agenda.
- Motion to move the May 19th meeting record forward with all necessary corrections.
 - First Motion: Eddy Lau
 - Second Motion: Debbie Hunsaker
 - Motion passed.

Action Item Log Review

- David DeLuz asked SBC Committee Chairs/Co-Chairs if there were any questions related to the May SBC meeting action items.
- Zeke Patten asked how to add an item to the action log.
 - David DeLuz: You make a proposal to add an action item during the SBC meeting. You can also do this in the new business section. What item would you like to add?

- David Prizmich: The action item was looking for specific commodity information by geographical location.
- David DeLuz: We can add a training for DSBLs to provide commodities reports by district.
- Will McClure: Can the chairs/vice chairs participate as well?
- David DeLuz: We could potentially schedule online trainings – however, council members do need to show up. The training can be made into a video and made available online.

Highlights from the Director's Office – Tony Tavares, Director

- July marks 50 years since the Division of Highways was formally renamed the California Department of Transportation – or Caltrans.
 - Equity is one of Caltrans' foundational principles and it is how Caltrans will continue to frame their work going forward.
 - Last month, the Equal Employment Opportunity Program (EEO) shared resources and recognized the LGBTQ+ community in honor of Pride Month.
 - Caltrans stands with the LGBTQ+ community as it seeks greater acceptance and inclusion, and celebrates individuals like U.S. Secretary of Transportation Pete Buttigieg, who is the first openly gay member of a president's Cabinet.
 - Safety is Caltrans' number one priority.
 - In 2022, Caltrans lost two employees and contractors lost many more.
 - The Division of Resources and Innovation (DRISI) is currently researching new safety innovations:
 - Light up vests
 - New concrete traffic barriers
 - Remote-control traffic attenuators
 - F-Rail, a concrete portable barrier
 - Work zone intrusion alarms.
 - We are in the beginning of our wildfire season and will continue to partner with CHP, CalFire, and regional and local agencies and others to respond to wildfires.
 - As of July 5, Cal-Fire reported 2,584 wildfires in 2023 alone.
 - Luckily, that is with no fatalities across the state.
 - Several emergency contracts are still ongoing from the January storms.
 - New Appointments
 - District 7 Director: Gloria Roberts
 - Deputy Division Chief – Centralized Administration Program: John Kirkpatrick
 - District 11 Corridor Director – South San Diego County and Trade Corridors: Nikki Tiongco

- District 10 Deputy District Director – Traffic Operations: Duper Tong
 - District 1 Deputy Director – Administration: Kathie Vizgaudis
- Director's Office video was shared to the Council Members.
 - [Call To Subcontractors Video](#) – 2:09 runtime.
 - https://youtu.be/LMvZ-w_kuQ.
- Questions and Comments:
 - Stephen McGlover: Thankful to see that Caltrans has done well regarding advertising. Mentioned that it was a dream that was talked about years ago.

District SB Update – Everett Townsend, Dina El-Tawansy, Diana Gomez

- District 11 – Everett Townsend, Chief Deputy of Maintenance and Operations
 - District 11 is providing outreach to Small Businesses (SBs).
 - As of June 2021, all Minor B contracts should be awarded to SBs (with few exceptions).
 - This policy has resulted in 88% of contracts going to SBs. This is an 11% increase from June 2021 to June 2022 in the number of SB awards for Minor B Contracts.
 - Many emergency contracts are being fulfilled by SBs.
 - On Emergency Contracts, first consideration goes to SBs.
- District 4 – Dina El-Tawansy, District 4 Director
 - The D4 Small Business Council will meet August 15.
 - 77 people graduated from the mentor program.
 - There is an increase in SB participation in A&E contracts.
- District 6 – Diana Gomez, District 6 Director
 - Instead of Meet the Primes, there will be Meet the Subs events.
 - Coordinating with WTS International – Central Valley Chapter, to attend. First event will begin in August.
 - SB participation is high overall.

FHWA Update – Vince Mammano

- Supreme Court Decision – Affirmative Action
 - FHWA has not discussed this decision in depth.
 - The DBE Program has been challenged as non-constitutional by the ninth circuit because it was not a documented targeted program.
 - The disparity study was a result of the ninth circuit court lawsuit.
- Grant announcements are posted on the FHWA website and the DOT website.
 - It is important for the council members to pay attention to who is getting these grants, especially because the state can't apply for them.
 - FHWA Funding Opportunities: <https://www.transportation.gov/bipartisan-infrastructure-law/key-notices-funding-opportunity>
 - USDOT Grant Programs: <https://www.transportation.gov/grants>
 - Safety and Roads For All
 - Inflation Reduction Act

- Connecting Access and Equity Programs are going to be combined.
- Coronavirus Relief and Supplemental Appropriation Acts are a great way of getting more money spent in California.
 - Currently, \$295 million is left on the table – \$290 million was given to California in a short amount of time.
 - Distribution - \$5 billion a year in California.
- Infrastructure Investment and Jobs Act
 - There are still national program funds that have not been spent.
 - In 2022, California received \$680 billion. Will continue to ask for similar dollar amounts.
- Questions and Comments:
 - Stephen McGlover: Which areas contain the grants that were not spent?
 - Vince Mammano: The grant money is the national total – California does not hold back any money. The total amount an area gets depends on formulas and the area a program is located in.
 - Stephen McGlover: What youth program grants were available to tap into?
 - Vince Mammano: There was not any money left out for them.
 - David DeLuz: In a span of three years, Caltrans has gone from having no sites for the Summer Transportation Institute to five. This was thanks to the commitment from FHWA. These programs help introduce kids K-12 to STEM and transportation careers.
 - Stephen McGlover: It is important to make sure areas that have not been touched are involved.
 - David DeLuz: Director Tavares, Ray Hopkins, and Bonny Nyaga went to a joint Department of Education/Department of Transportation summit called “Unlocking Pathways to Careers,” which focuses on using federal resources to increase pathways into middle-skill jobs in the construction industry.
 - California Community Colleges, Caltrans, and the Energy Commission have come together to create a strategy to create pathways for youth in the transportation industry.
 - Lee Cunningham: Is FHWA aware of the findings from the Tennessee court case and how it affects the DBE program?
 - Vince Mammano: There has not been a lot of discussion on the Tennessee findings.
 - Michael Caliendo: California falls under the ninth circuit and therefore has a different standard.
 - Lee Cunningham: Encourages everyone to pay attention to what is going on.
- Vince Mammano exited early – Michael Caliendo took over as FHWA representative.

Office of Civil Rights Reports – Aisha Copeland, Branch Manager, Data Analysis

- Federally Funded Contracts (June 2023)
 - Commitment at Award (CAA)
 - Current DBE goal is 22.23%, with a race conscious (RC) goal of 18.3% and race neutral (RN) goal of 3.9%
 - As of June 2023, Caltrans is at 22.93% in reference to the overall goal, which includes:
 - Office of Engineers (OE)
 - Division of Local Assistance (DLA)
 - Division of Procurement and Contracts (DPAC)
 - Design-Build (DB)
 - Contract Management General Contracting (CMGC)
 - Division of Transportation Planning (DOTP).
 - The race conscious goal is currently 18.42%.
 - DBE Participation (All Divisions)
 - \$3.3 billion awarded for contracts.
 - The total DBE commitment is \$770 million dollars.
 - 23.57% DBE participation goal.
 - Socially/Economically Disadvantaged (SED) Group (OE, DPAC, DLA, DOTP, DB, and CMGC) Highlights
 - Considering Caltrans' current disparity study, socially and economically disadvantaged groups are:
 - Sub-continent Asian at 1.74% (.42% over the disparity study weighted average)
 - Native American 2.61% (1.59% over the disparity study weighted average).
 - Non-minority women 7.73% (2.02% over the disparity study weighted average).
 - Although the African American group is below the disparity, it has increased since May 2023 to 1.35%. This is a shortage of .09% in comparison to the disparity study weighted average.
 - SED Group (OE, DPAC, DLA, DOTP)
 - The African American group is at 1.50% which is .06% above the disparity study weighted average.
 - The sub-continent Asian group is at 1.91% which is .59% above the disparity study weighted average.
 - The Native American group is at 2.46% which is 1.44% above the disparity study weighted average.
 - The non-minority women group is at 7.63% which is 1.92% above the disparity study weighted average.
 - SED Group (DB/CMGCC)
 - Less contracts awarded.
 - The Native American group is at 3.91% which is 2.89% above the disparity study weighted average.

- The non-minority women group is at 8.58% which is 2.87% above the disparity study weighted average.
 - SED Group A&E (DPAC)
 - The total award is \$261 million with \$58 million awarded to DBEs.
 - Asian-Pacific is at 7.72% exceeding the disparity study weighted average by 4.99%
 - Sub-continent Asian is at 4.3% exceeding the disparity study weighted average by 2.98%
 - Year-Over-Year Socially & Economically Disadvantaged Group Percentage Change from FFY 2020-21 through FFY 2022-23
 - For June 2023, Caltrans' overall participation was 22.93%. This is an 18.69% increase over the June 2022 overall participation of 19.32%.
 - In June 2021, African American participation was .32%. As of June 2023, participation has increased to 1.35%.
 - In June 2021, Hispanic participation was at 5.45%. As of June 2023, participation has increased to 7.3%
 - In June 2021, non-minority women participation was at 4.64%. As of June 2023, participation is at 7.73%.
 - Questions and Comments:
 - Fred Jordan: Is there a way to tell whether these are CA firms?
 - Aisha Copeland: Yes, DASSO can determine where the firms are located. A request form for that information may be completed and submitted to Program Operations.
 - Stephen McGlover: Do other states give preference to those within their states?
 - David DeLuz: There is no state program that has an in-state DBE preference for federal contracts.
 - Angela Shell: SB firms do have a 5% bidding preference on state-funded contracts. DGS and Caltrans are partnered to reach out to DBEs to get dual certified as a state small business.
 - Dr. Matthew Ajjake: Would it be possible to see the data on minority women owned businesses?
 - David DeLuz: The numbers are tracked by gender. The data is available on the Caltrans website.
- State Funded Contracts (June 2023)
 - Minor B
 - 176 Minor B contracts totaling over \$33 million.
 - Small Businesses Contract Award Amount: \$22 million.
 - Micro-businesses are at 40.6% participation at \$16 million.
 - Top three districts with the most SB participation
 - District 11: \$12.9 million and 31% participation
 - District 10: \$4.9 million and 12% participation
 - District 5: \$4 million and 9.9%

Broadband Middle Mile Initiative Update – Robert Payne, CA Department of Technology

- The MMBI Program initiated a review of the need across the state of California for broadband for unserved and underserved residents.
 - Estimated scope – 8,100 miles
 - Standalone Caltrans construction estimate - \$455,000 per mile
 - Implementation
 - Construction 75% of network (6,000 miles)
 - Lease 25% of network (2,000 miles)
- Updated MMBI Project Assumptions
 - 10,000 mile map – 26% longer than originally estimated.
 - Inflation-driven bid costs more than 40% higher than originally estimated.
 - Implementation
 - Partnering more cost effective
 - More miles available to implement
 - RF12 yielded more alternatives.
- Phased Approach – Milage Analysis
 - Segment by segment analysis of the 10,000 miles
 - Focus on providing maximum coverage of unserved within budget
 - Keep unserved households as close as possible to the network
 - Optimize coverage while maintaining resilience of the network
 - Utilized alternative methods such as leasing, joint builds, and purchases to increase the number of miles and households served
 - Meet labor objectives
 - Prevailing wage
 - SBE/DVBE inclusion
 - Meet your prime events
 - Matchmaking tool
 - Required inclusion plans for primes
- Phase 1 – 8,300 miles
 - \$3.87 billion in funding
 - 4,500 miles of indefeasible Rights of Uses/leases
 - 3,300 miles of construction
 - 1,800 miles – Caltrans standalone construction
 - 1,500 miles – joint-build industry partnerships
 - 500 miles of purchases
 - \$73 million of NITA Grant funding to build out to rural communities
- Phase 2 - 1,700 miles
 - Savings from design changes and efficiencies from existing Caltrans construction directed to Phase 2 segments
 - Last-minute funding allocated by the CUCP may be used to build/connect to essential middle mile
 - Future funding sources may be examined to build remaining miles.
- Fixed Budget and Timeline

- Funds need to be under contract by December 2024. Funds must be spent by December 2026.
- CDT is proud to partner with Caltrans and other contracts for this once in a generation opportunity to provide service to those who do not have or cannot afford service in their areas.
- Questions and Comments:
 - Fred Jordan: Do you know what percentage of DBEs participated in this MMBI project?
 - Robert Payne: None of the work authorizations from Construction have been released yet. CDT is planning on asking the JOCs to track and report that plan as work authorizations become available.
 - David DeLuz: There are no DBE goals, the project has an SB goal. DBEs can be dual certified as an SB through DGS. Microbusinesses are eligible to participate as well because they count as a SB.
 - Dr. Matthew Ajiake: Please explain the indefeasible rights of use leases.
 - Robert Payne: The lease lasts up to a minimum of 40 years with renewal and is under control of the state. The pricing/availability area will be owned by the state.
 - Basically, think of the process like renting an apartment long-term.
 - Dr Matthew Ajiake: Have you looked into the potential of having leases that create new opportunities, especially for minorities, to participate?
 - Robert Payne: Every half mile will have an access point that will provide opportunities for small providers to connect. This includes tribal nations. The providers can build out the middle mile into their area.
 - Additional funding of \$1.9 billion dollars to help independent businesses to connect along with new startups.
 - Zeke Patten: Who is going to do SB Compliance on these projects?
 - David DeLuz: Caltrans will work with CDT quarterly and a quarterly compliance report will be done.
 - Lee Cunningham: I am concerned about conduit reduction. Are there no contracts out right now? If not, is there a timeline when these contracts will be available?
 - Robert Payne: CDT is working with Caltrans to start releasing work orders. Caltrans is currently looking into design changes. Currently waiting for environmental permitting to clear.
 - Conduit Concerns
 - The state ordered conduits early on since there were concerns about the supply chain because of the pandemic.
 - Purchasing the conduit early helps CDT be ready to go with contractors.

- David DeLuz: There is concern among the council regarding the lack of communication from the JOCs. Is there a reason for this and can CDT assure that they will reach out to the JOCs to encourage them to respond to the SBs that want to work with them?
 - Robert Payne: Would be happy to set up additional meetings with the JOC and other contractors to make sure they are communicating.
 - However, CDT is at fault for the lack of communication because they are working to replan because of the JOCs pricing. The Primes are asking for information that is not yet available.
 - Adriana Surfas: The team is working hard to get these in place. Work orders that might come at the end of August or beginning of September include a 10-mile segment and an 8-mile segment in Shasta.

Caltrans State Partner Reports Department of General Services (DGS) – Angela Shell

- Upcoming contracts and events will be shared with the SBC.
- Regulatory Package for SBs/DVBEs
 - Effective as of June 29th and is available on the DGS website.
 - Focuses mostly on:
 - Reporting
 - AB 1574 which requires State Departments to use SBs that they have done business with before.
 - Individual Small Business Goals
 - AB 2019 – 25% SB goal throughout the state.
- New SB/DVBE training should be released by the end of this year.
- Statewide Advocate Support Unit
 - 11 new training/advocacy positions for SBs/DVBEs.
- DGS State-Wide Disparity Study
 - The study will be used to determine levels of state-wide discrimination in state contracts.
 - Will start during the first quarter.
- Economic Impact Study
 - DGS will send out a survey to get qualitative information.
- Cal-E Procure
 - SBs can choose to designate their business based on their demographic (not required.)

Caltrans State Partner Reports Governor's Office of Business and Economic Development (GO-Biz) – Christopher Earl, Assistant Deputy Director

- Go-Biz Technical Assistance Program
 - Applications/Proposals due August 3rd for grant opportunity.
 - There were 100 providers in the last round of the program.

- Supplemental Sick Leave Program
 - Go-BIZ is reimbursing businesses up to \$50,000 due to COVID in the 2022 calendar year. Round 1 is currently closed. Round 2 will be issued soon.
- Accelerate California
 - Inclusive innovation hub program
 - Request for Proposals (ROP)
 - Round 2 has begun with a 45-day application window.

Caltrans State Partner Reports – High Speed Rail – Catrina Blair

- No update provided.

Break

- Break Start: 10:43 a.m.
- Break End: 10:48 a.m.

Local Assistance/Professional Services Committee Reports - Albert Leung

- Utilization requirements - requested an update to provide a centralized location for useful links.
 - Committee members pull together a dozen of look-ahead reports and make recommendations on how utilization might be provided.
- IJJA specific goals/grants. Being aware of the ceiling.
- SANDAG Program will continue to work with DPAC to provide separate goals for A&E and Construction.
- Looking to get more information of SB acquisition process. Requested information on the selection process and if it still exists today.
- Esther Morris is leaving Caltrans. Acknowledgement of her support to the Local Assistance/Professional Services Committee. Her support over the years was appreciated.

Commodities Committee Reports – Zeke Patten

- DPAC presented at the Committee meeting. The Committee appreciated the information provided by the division.

Construction Committee Reports – Debbie Hunsaker

- Section covered after the Council Member Roll-Call due to previous commitments.
 - Great turn out from Caltrans. 4 Construction Committee members present and 1 alternate present.
 - Continued discussion on uniting primes, SBs, DBEs, and DVBEs.
 - Outreach events – in communication with another group doing a similar event in District 6. Potential for a state-wide event if successful.
 - Bring together HSR and bigger associations to increase networking.
 - Questions asked during discussion:
 - Why aren't SBs bidding on Caltrans projects?
 - Do SBs know how to bid on Caltrans projects?

- Is it because of pricing?
- Caltrans has done a great job putting training links and information on the website.
- Minor B Contacts/Prompt Pay Emergency Contracts
 - Rebecca and Candace met up with D11 to talk about these issues. Rebecca presented this information during the committee meeting.
 - David Prizmich's Emergency Contract presentation, which talked about what needs to be done before payments are issued – was very informative.
 - Insurance requirements are higher than previously thought. Another concern is that these companies are starting to leave California.

African American DBE Participation Ad Hoc Committee – Will McClure

- 23 people were in attendance and there was a good interactive discussion.
- The committee took a step back and looked at what they have been doing during this program year.
 - The committee wants to get feedback from some districts to learn about what a successful SB looks like and identify common trends.
 - Interested in having a listening session with a few African American SBs that got significant contracting work.
 - David DeLuz: It would be helpful to connect with firms that are doing well in the DBE program and have a listening session.
 - Primes are saying that there are not enough DBE firms to meet demand. DBEs are saying they are not getting selected. There needs to be a space to have these conversations and bring both groups together.
 - Caltrans is creating a more effective and efficient marketplace for buyers and sellers to come together.
 - More discussion is needed beyond the council.
- Fred Jordan
 - Caltrans has not been aggressive about HSR going into Vegas. The project there will include DBEs in their procurement and that is a venture that needs to be taken advantage of.

SBC Topic – Bonding and Access to Capital

- Bonding and Access to Capital Fact Sheet
 - The fact sheet goes over what bonding and access to capital is. The second page goes into resources available for SBs.
- Small Business Transportation Resource Center
 - Funded by the US Department of Transportation to provide technical support for SBs. However, they are very underutilized.
 - There is an SBTRC office on R St. in Sacramento.
 - They have offices in Arizona, Hawaii, and Nevada.

- The CA Asian Chamber is a member of the SBC. It would be a good idea to send in a representative from the resource center to speak to the council.
- Other resource centers:
 - NW Region Transportation Resource Center
 - Small Business Administration Technical Assistance Surety Bond Guarantee Program.
- Ramon (Ray) Hopkins
 - The most important thing for SBs when working with prime contractors is access to capital and cashflow.
 - Report out in next 3-6 months.
- Will McClure stated that there is an event that directly relates to this topic and will provide a flier to the council.
- David DeLuz posed the question of what is more important: cashflow or bonding and insurance.
 - The majority of the council raised their hands for cashflow.
- Ray Hopkins: Caltrans is working with FHWA to improve prompt payment monitoring to make sure contractors are following legal requirements.
 - B2Gnow makes it easier to watch payment histories between the primes and subs. The firm has to log into the system and indicate whether or not they paid their subs.
 - There is a 2% penalty per month paid to the party that is not getting paid promptly.
- Eddy Lau: Access to capital is secondary. Even if a firm has a line of credit, prompt payment still has to work. Caltrans needs to hold the project manager responsible for making sure the Prime gets paid on time.
 - David DeLuz: Did not know that primes were experiencing a concern about Caltrans paying them.
 - Ray Hopkins: There were issues with emergency contracts but that has been fixed. If there are new issues, the Primes need to let Caltrans know.
- Raewyn Butcher: If the payment is sent through the postal service, there is no control. How is payment being sent?
 - David Prizmich: There is a reason why some electronic payments are allowed. Will report to David (DeLuz) about what DPAC knows, and what they might be able to do to assist.
- Trinity Nguyen: Because of banking regulations, it can take up to 5-10 business days to process a payment.
 - David DeLuz: Some major banks are using FedNow payment. Because of this, holding times will be reduced to zero and will continue to improve as more banks use FedNow.
- Fred Jordan: Can't have a contract without finances.
- Lee Cunningham: Suppliers never bond. Professional services may not need to bond either.
 - Fred Jordan: Professional Services do not have to bond.

- Bruce Giron: Bonding as a sub does not happen that often. Anyone that says it's a problem is choosing to make it into a problem.
- Fred Jordan: Overall, bonding is just an obstacle for SBs.

New Business

- No new items were discussed.

Public Comment

- Ali Altaha:
 - The council needs to be opened up beyond whoever sits on the committee.
 - The process for the final bid is done in the dark – other agencies and project managers were verified, and they said the same thing.
 - There is no outreach between the first and second phases of a project.
 - There are brokers created specifically to help certain primes.
- Lynn Chen:
 - Appreciates the bidding assistance and guidance.
 - Also appreciates D11 for the procurement conference.

Closing Remarks

- None.

Meeting Adjourned

- Meeting adjourned at 11:55 a.m.

Next Meeting

- September 14th and 15th, 2023
 - Hybrid meeting – WebEx and HQ (Sacramento)

Council Members – Roll Call

- Annie Aguilar – American Public Works Association, San Diego Chapter
- Dr. Matthew Ajiake – San Francisco Bay Area Small Business Council
- Derek Carroll – Elite Service Disabled Veteran Owned Business Network,
- Arvin Chaudhary – American Council of Engineering Companies, CA
- Lynn Chen, California Chinese American Construction Professionals, Inc.
- Lee Cunningham, Women Construction Owners and Executives, CA Chapter
- Bruce Giron, National Association of Minority Contractors, NorCal Chapter
- Richard Hernandez, San Bernardino Chamber of Commerce
- Johnathan Hou, Asian Business Community Development
- Debbie Hunsaker, Fresno Chamber of Commerce
- Fred Jordan, San Francisco African American Chamber of Commerce

- Jay King, California Black Chamber of Commerce
- Eddy Lau, Asian American Architects and Engineers
- Albert Leung, Asian American Architects and Engineers, Southern California
- Rebecca Llewellyn, Women Construction Owners and Executives, USA
- Will McClure, California Black Chamber of Commerce
- Stephen McGlover, California Community Connection Corporation
- Shaila Rao Mistry, National Association of Women Business Owners, California
- Karen Nelson, California Asian Pacific Chamber of Commerce
- Trinity Nguyen, Conference of Minority Transportation Officials, NorCal
- Zeke Patten, Black Business Association
- Lisa Vela, San Joaquin County Hispanic Chamber of Commerce