

Caltrans State-Wide Small Business Council Meeting Record

November 15th, 2024, 8:30 a.m. – 12:00 p.m.

- Virtual via WebEx
- Next Meeting: January 16th and 17th, 2025, hybrid via WebEx and in-person at the District 12 office in Santa Ana, CA. ***Due to the wildfires in the Los Angeles area and the State of Emergency declaration, the January 2025 SBC Meetings were switched to virtual.**

Action Items

- OCR will collect goals and accomplishments from the SBC Committees to aggregate into the next edition of the Small Business Press.

Welcome and Council Member Roll Call – David DeLuz, Office of Civil Rights Deputy Director

- Meeting Start Time: 8:30 a.m.
 - Quorum achieved – 20 of 31 council members present.
- In the U.S. District Court for the Eastern District of Kentucky, Judge Gregory Van Tatenhove granted a limited preliminary injunction against the DOT's DBE program. This could potentially impact up to 23 states.
 - Caltrans' intent is to continue as normally until FHWA issues any new guidance on how to implement the program.
 - The DBE Program will be up for reauthorization as well in 2026.
- There will be a North Region Procurement Fair in West Sacramento on November 20th, 2024.

Agenda Review and Meeting Record Approval

- Karen Rollandi motioned to approve the September 20th, 2024, meeting record with all necessary corrections. Danny Garza seconded.
 - Motion passed.

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

- New District Directors
 - Sergio Aceves has been appointed District 3 Director.
 - Grace Magsayo is the new District 10 Director.
 - Ann Fox is the new District 11 Director.
 - Thank you to Everett Townsend for serving as interim District 11 Director since last December.
 - Headquarters
 - The new Deputy Director for Planning and Modal will be Marlon Flournoy.
 - Janice Benton is the new Deputy Director of Maintenance Operations.

- Construction Investment Update
- Three years ago, the federal IIJA was signed into law. This \$1.2 trillion dollar legislation included around \$550 billion in new federal investment in America's infrastructure.
 - In fiscal year 2023-2024, Caltrans completed 564 construction projects with a value of nearly \$4.2 Billion.
 - In the 2023-24 state fiscal year, small businesses won 35.5% of the contracts that Caltrans awarded, for a total of more than \$900 million.
 - This means that since 2017, Caltrans has increased the dollar value of contracts awarded to small businesses by 125 percent.
- Upcoming Events
 - On February 20, Caltrans will host its 4th Annual DBE Summit in Sacramento.
 - On March 13, the California Statewide Coalition on Diversity Initiatives – which includes Caltrans – will host the 2nd Annual California Supplier Diversity Symposium.
- Disparity Study
 - OCR is currently seeking public comments on the draft report of the FHWA Disparity Study.
 - There are still two more information and feedback sessions scheduled for November.
 - You can also [read the draft report on our website](#) and [provide feedback via email](#).
 - <https://dot.ca.gov/programs/civil-rights/disparity-study>
 - CaltransDisparity@bbcresearch.com
- Comments and Questions:
 - Why can't Caltrans hire a black District Director? (Zeke Patten).
 - District 7 did have an African American Deputy Director, Tony Harris. These positions are open to everyone to apply. We do have over 50% of women in leadership here which is a stride in the right direction. (Tony Tavares).
 - Kome Ajise served in District 10 as director from 2004-2009. (Bill Lavelle).
 - What will your response be to the evolving changes of the DBE program? (Lamar Heystek).
 - Caltrans will continue to work with its federal partners to secure funding for California's vital transportation infrastructure projects and will provide any updates when available. This SBC will be privy to all the work we will be doing. You will be able to weigh in with comments and provide input. I cannot tell the future, but if the laws change, we may have to follow those laws. With everything in front of us, we are continuing to the administer the DBE Program. (Tony Tavares).

- I request that the SBC be consulted. We need to depend on their decades of expertise pre and post Prop 209. (Lamar Heystek).

Construction Mentor Protégé Program – Bonny Nyaga, Construction DBE-SBE Support Manager

- Construction Mentor Protégé Program
 - This program began in District 4 in 2007.
 - This program has been launched in all 12 districts.
 - Supports the growth of small and disadvantaged construction firms to compete for contracts and complete work effectively.
 - Graduated about 164 protégé firms since conception.
 - A list of these firms is listed on [our website](#) under “CMPP Protégé Directory.”
 - Recruitment
 - Graduated 87 protégé firms across the state in the past year.
 - Looking for the next cohort to begin in January 2025.
 - The proteges go through the whole life cycle of a construction project, from pre-bid to post-bid.
 - Hybrid approach of workshops and 1-on-1 mentoring with experienced contractors.
 - Requirements
 - Must have at least 1 year of experience in construction work
 - Is eligible/certified as a small business or DBE
 - Has an active CA state construction license.
 - <https://dot.ca.gov/programs/construction/construction-mentor-protege-program>
 - For questions contact: constructionmentorprotege@dot.ca.gov
- Construction Contracting Opportunities Portal
 - Finding advertised projects should be easier.
 - This portal is free.
 - This portal aggregates the information from Cal-Procure and the Contractor's Corner.
 - This only focuses on Caltrans Construction opportunities currently.
 - You can search by location and filter projects further.
 - Shannon Koga sent you an email with this link and information on this portal.
 - <https://ccop.dot.ca.gov/>
- Comments and Questions:
 - I commend you on your hard work. The Division of Local Assistance shared a web portal that they have that has similar functions as well. (David DeLuz).

- The Division of Local Assistance DBE Dashboard
 - <https://dot.ca.gov/programs/local-assistance/local-civil-compliance/dbe-performance-dashboard>
- Division of Local Assistance Contracting Opportunities
 - <https://dot.ca.gov/programs/local-assistance/local-civil-compliance/disadvantaged-business-enterprise-dbe>
- What are the time commitments for proteges? Are there any pain points or gaps you have identified in the program r? (Nikisha Bond).
 - The time commitment is about 4 hours every month for the workshops, one-on-one mentoring. It depends on the need of the protégé. (Bonny Nyaga).
- Does this program tie into the DBE certification process? (Nikisha Bond).
 - To qualify in the Construction Mentor Protégé Program, you must be eligible to be certified or already certified. This program is not for certification. (Bonny Nyaga).

FHWA Update – Elissa Konove, Deputy Division Administrator of FHWA-CA Division

- New Deputy Division Administrator – Doug Hecox
- DBE Preliminary Injunction
 - The FHWA Division will maintain close coordination and communication with Caltrans on any developments.
- Fiscal Year 2025 Funding
 - FY 2025 began on October 1.
 - Federal agencies are operating under a Continuing Resolution (CR) through December 20.
 - Limited effect on FHWA and other programs funded under BIL – programs and funding authorized through FY 2026.
 - Over \$56 billion in formula funds apportioned nationwide.
 - This includes \$5.8B for CA including Bridge and NEVI formula funding.
 - FHWA programs are subject to pro-rata amount of obligation limitation under the CR - 22 percent for the Continuing Appropriations Act's 81-day period, \$917 million for CA.
- BIL Grant Awards
 - Administering over 300 projects totaling over \$3 billion.
 - Awards for INFRA and MEGA announced
 - Safe Streets and Roads for All (SS4A)
 - Held kickoff meeting with over 50 grant recipients for last round of safety action plans and projects.
- Grant Funding Opportunities
 - RAISE
 - Taking applications for up to \$1.5 billion in funding for projects that will have a significant local and regional impact.

- Applications are due January 30, 2025.
- PROTECT
 - This NOFO will result in the distribution of up to \$876 million, with up to \$576 million available for FY 2024-2025 and up to \$300 million available for FY 2026.
 - The PROTECT Program awards grants to strengthen transportation resilience against natural hazards through planning, infrastructure improvements, and support for evacuation routes.
 - Applications are due February 24, 2025.
- Federal Register Regulation
 - The Biden-Harris Administration updated the Work Zone Safety and Mobility Rule and the Temporary Traffic Control Devices Rule to improve safety in and around work zones.
 - Updated rules will add safety, mobility, performance measures for states to use while updating work zone policies.
 - Requiring the use of temporary concrete barriers to protect workers and encouraging the use of work zone programmatic reviews.
- Comments and Questions:
 - Elissa Konove and Doug Hecox will be a great team. This group will be happy with the leadership here. (Vince Mammano).

Action Item Log Review

- There were no comments on this item.

Disparity Study – Betsy Sava, Project Manager and Kevin Williams, Managing Director

- 2024 Caltrans Disparity Study
 - Identifies disparities between participation and availability.
 - Assess marketplace barriers.
 - Policy and program refinements.
 - The data provides evidence to provide race/gender programs if warranted.
 - Utilization Analysis – Participation of businesses in Caltrans contracting and procurement.
 - Caltrans spent \$19.8 billion during the 3 year study period
 - Of this \$19.8 billion, 24.7% went to POC/women owned businesses
 - The majority of these dollars went to white women (8.6%) and Hispanic Americans (8.9%).
 - Availability Analysis – Businesses that are ready, willing, and able to work with Caltrans.
 - Based on the availability analysis, we would have expected 32.8% of these dollars to go to POC/women during this time.
 - Disparity Analysis – Looks at the difference between availability and participation.

- We did reach out to a number of different organizations. When it comes to the DBE Council, it could be a subcommittee of the SBC or its own. There should be a platform for those concerns. (Betsy Sava).
 - The availability percentage for Black Americans did go up. (Kevin Williams).
- A DBE Committee is a good idea. A small percentage of the folks here are bidding on our projects. Having a committee made up of actively bidding DBEs would give firsthand accounts of the challenges. (David DeLuz).
- Is there a way for you to survey 10 major construction Primes and ask them how they select their subs? (Zeke Patten).
 - We discussed with Primes what it is like to work with Caltrans and look for contractors. There is a marketplace-wide challenge to diversify contracting. The Primes, Caltrans, and local agencies play a role. (Kevin Williams).
 - We had interviews and focus groups with Primes. One of the key takeaways is that the Primes discuss the relationship with subcontractors. There is a reluctance to diversify their subcontractor base. Caltrans has been advised to work with Primes to encourage Primes to work with new subcontractors. (Betsy Sava).
- The African American group would be happy to see examples of working DBEs coming together. A 1–2-page newsletter might be helpful to encourage more participation. (Fred Jordan).
 - Out of OCR we have the Small Business Press. We do DBE firm profiles. We covered our new DBE Supportive Services Unit. We are highlighting policy challenges and our efforts to address those challenges. We need to double our efforts at creating opportunities for firms. (David DeLuz).
 - <https://myemail.constantcontact.com/Hot-Off-the-Small-Business-Press.html?soid=1130257199561&aid=FG5fr6PxrKA>
- Why can't we introduce an incubator program to assist African American DBEs? (Eddy Lau).
 - Targeting a particular group is not in alignment with federal regulations. We have a goal-setting program that establishes that there is a program available to a range of groups. We need to look at the bidding data. We are looking at the Commitment at Award data. We need to see what firms are bidding. There is a whole level of conversation that needs to be done to understand why firms are not bidding on contracts. Before we do an incubator program, we must examine all of the data that is available around this issue. (David DeLuz).
 - I do not see this as a line-item recommendation from BBC. (Eddy Lau).

- You can submit that as feedback on the Goal and Methodology Report to be incorporated into the Disparity Study. (David DeLuz).
 - I ask that other council members to submit that feedback as well. We have been looking at this data for too long – African American participation under 1%. (Eddy Lau).

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

- Upcoming Procurements
 - Solicitations for extractors, dryers, hydrogen fuel, drones, alternate fuel vehicles, salmon, steelhead, powdered milk.
- Construction Services
 - Window washing, ADA doors, maintenance, HVAC services.
- Events
 - Veteran Success: Honoring Services and Empowering Business Growth
 - North San Diego SBCDC, November 21st
 - Get in the Game – sponsored by the LA Chamber of Commerce
 - November 27th
 - <https://www.dgs.ca.gov/PD/Events>
- OSDS Updates
 - Increase in SB certified firms. DVBE numbers continue to increase.
- DGS performed outreach to DBEs to be certified as SBs.
 - We have seen an increase since September of 44 firms as DBEs becoming dually certified as SBs.
- OSDS is continuing with its pilot program to prevent a backlog of applications waiting for review.
- Small Business/DVBE Compliance – Cases Under Evaluation
 - 17 program abuse cases
 - 83 compliance reviews
 - 3 DVBE substitution requests
 - 8 appeal cases
- SB/DVBE Training
 - The OSDS will launch a SB/DVBE cohort-based training in 2025 designed to provide valuable and practical insights in bidding successfully on and increasing SB/DVBE readiness in state contracting.
- Disparity Study
 - DGS and Mason Tillman Associates, Ltd. completed 5 in-person business community meetings held in San Diego, Los Angeles, Oakland, Sacramento, and Fresno, and 5 virtual meetings from 10/29 through 11/14 engaging with 225 businesses for 6 meetings.
 - There's 1 remaining virtual meeting via Zoom on 11/15 from 3:00 p.m. - 4:30 p.m.

Caltrans State Partner Reports – High-Speed Rail - Catrina Blair, Chief of Process and Program Development

- There was no report given at this meeting.

Break

- Break Start: 10:07 a.m.
- Break End: 10:13 a.m.

Local Assistance Committee Reports – Debbie Hunsaker, Chair

- There were over 45 people in attendance yesterday.
- There was a great presentation from Aaron Catubig from the Division of Local Assistance.
 - Shared how Local Assistance money flows.
 - How Caltrans monitors the compliance portion.
 - Caltrans provides training on the local agencies, so they know how to set goals and run their program.
- Goals
 - Attempting to find out which agencies receive the money – is it a county or a city? How do they go about advertising the contracts for the money they get from Caltrans and FHWA?
 - The goal is to develop a way that the local agencies' contracts can be located.

Professional Services Committee Reports – Trinity Nguyen, Chair

- Low attendance but high participation.
- Kudos to the reports provided by District 4, 7, 9, 11, 12, 59.
 - Utilization data was highly requested.
 - There were a significant number of underutilized contracts in terms of total contract capacity. Not underutilization of DBEs.
- Outreach
 - Robust conversation on how to improve outreach.
- Aggressive Goals Contracts
 - Goals as high as 50% on SB aspirational goals.
 - Looking to put together a written recommendation for that going forward.
- Bench Program
 - More clarity on what the Bench Program looks like, what can be done and what cannot be done.
 - Will be provided in a written documentation to bring to conclusion.
- Looking forward to the January meeting.
 - Will be splitting into two segments for smaller groups to discuss, and the second part of the meeting will be to come together and provide recommendations.

- Regarding the Calmentor program, looking for a synopsis on where the programs are at the various districts, and what we can do to make the program more successful.
- Comments and Questions:
 - Asian Inc. is the nonprofit fiscal sponsor for the D4 Calmentor program. We have been recently asked to take on the same role for other Calmentor District programs. I second that the program Calmentor does make a difference. It deserves an analysis to see how to help the rest of the state. (Lamar Heystek).

Commodities Committee Reports – Zeke Patten, Chair

- Attained a quorum for the second meeting in a row.
- There was robust conversation on procurement fairs, past, present, and the future.
 - There is one district that has not had one yet. Looking for them to put one on.
- SB DVBE 1405
 - We hope this continues. Requesting Division of Maintenance, Equipment participates in our committee next year.
- Looking forward to the planning session next year.
- Zeke challenged the council to bring 3 black construction firms and submitted a list of 12 to David.
- Questions and Comments:
 - I like the direction we are moving. 25% of all the registered DBEs are African Americans. I think we should keep that in mind as we move forward. (Fred Jordan).

Construction Committee Reports – Debbie Hunsaker, Chair

- Caleb Haus has joined the Committee.
- Anna Silva suggested the committee create PIPs to better develop what the issues are. We have submitted one on Prompt Pay.
 - The second PIP will be addressing Minor B contracts.
- Insurance is another hot issue.
 - Caltrans is considering OSIP. These are a labor burden so it may not be on the cards.
 - CSIP can potentially be looked at.
 - If businesses cannot afford bonding or insurance, they cannot get on contracts.
- Projects valued at \$5 million or more will have additional regulations on safety.
- Discussed Positive Work Zone Protections.
- Action Items

- The committee will put together successes of the Construction Committee for the Small Business Press.

African American DBE Participation Ad Hoc Committee – Nikisha Bond

- Nikisha Bond filled in for Rich Wallace, the Chair of this ad hoc committee.
- Discussed pain points for DBEs:
 - Overwhelming application process for certification.
 - Networking with primes is difficult.
 - A lack of finances.
- Discussed several things that Caltrans already offered.
- Will highlight the Caltrans Mentor Protégé Program.
 - Look at 12–24-month outlook to see what bids are in the pipeline and find contractors that can satisfy those bids, so they can go into the mentor program.
- Would like to monitor how many bids are being submitted.
- Excited to hear about the loans that will be available.
- Will create an internal flow chart to streamline the information provided by Caltrans to provide to our constituents.
- Will support 5-10 contractors and walk them through the process of certification, getting them into the Mentor Program, and monitor what is going on there.

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

- Federally Funded Contracts (October 1, 2023 – September 30, 2024)
 - DBE Goal of 22.23%
 - Ended at 22.76%
 - Caltrans has awarded 344 contracts (OE, DPAC, DLA, DOTP, DB, and CMGC contracts) valued at \$3,929,964,336.28.
- SED groups performing above the Disparity Study Average:
 - Asian Pacific at 2.99%
 - Subcontinent Asian at 2.41%
 - Native American at 1.28%
 - Non-Minority Women Owned at 6.38%
 - For September 2024, Caltrans committed over \$894 million to DBE firms. This is a \$144 million (13.94%) decrease over the September 2023 DBE commitment of over \$1 billion.
 - For September 2023, Caltrans committed over \$1 billion to DBE firms. This is a \$397 million (61.93%) increase over the September 2022 DBE commitment of over \$641 million.
- State Funded Contracts Including Minor B
 - SB/DVBE Participation (1st Quarter)
 - Total state expenditures: \$394,722,867
 - SB participation is 44.2 percent, or \$174,644,018.
 - Top SB district's participation:

- D11 participation is 84.3% or \$30,313,036
 - D4 participation is 75.2% or \$37,202,171
 - D7 participation is 72.5% or \$32,352,841
- DVBE participation is 2.4 percent, or \$9,532,604.
 - Top DVBE district's participation:
 - D2 participation is 8.0% or \$948,315
 - D7 participation is 4.4% or \$1,970,072
 - D11 participation is 4.3% or \$1,539,464
- State Fiscal Year 2024-25, Caltrans executed 24 Minor B contracts totaling over \$8 million.
 - SB/micro businesses were awarded \$7,229,962 (89.8%).
 - SBs - \$3,949,410 (49.1%)
 - Micro Businesses - \$3,280,552 (40.8%)
 - DVBE Businesses - \$1,041,470 (12.9%)
 - \$16,182 is also included in SB total as DVBE is Dual certified (3 contracts).
 - \$1,025,288 is also included in MB total as DVBE is Dual certified (5 contracts).
 - Top Minor B District Participation
 - District 11 - \$2.5 million (31.7%)
 - District 9 - \$748,000 (9.3%)
 - District 12 - \$700,000 (8.7%)

Large Group Discussion: Capital Access Program – Alison French-Tubo, Outreach Manager for CPCFA/CalCAP

- California Pollution Control Financing Authority (CPCFA)
 - The pollution control was a type of very specific federal tax-exempt bond back in the 1970's. CPCFA issues different types of bonds now but still retains that name.
- California Capital Access Program (CalCAP)
 - Works with lenders to increase access to capital.
 - Provide tools to participating lenders to reduce risks.
 - They are not getting paid to make loans. Lenders supply the funds for loans to small businesses.
 - We encourage folks to use the free services that CalOSBA presented on. There are small business centers that help get lenders "loan-ready."
 - Lenders apply to CalCPA to receive the risk management tool on their loan.
- Variations
 - CalCAP Collateral Support
 - Eligible loan purposes include inventory, equipment, facilities, working capital, and bridge loans.
 - Enrolls loans and lines of credit from \$25,000 to \$20 million.

- CalCAP for Small Business
 - Eligible loan purposes include inventory, equipment, facilities, and working capital.
 - Enrolls loans and lines of credit up to \$5 million.
 - Which one should I apply for?
 - Which program a lender is using isn't vital because CalCAP allows lenders flexibility in how they manage their portfolio. These programs encourage them to make loans. CalCAP can't make them provide loans, though.
- CalCAP ZEHD Programs (Zero-Emission Heavy-Duty)
 - Eligible loan purchases
 - Purchase of zero emission medium and heavy-duty vehicles and/or infrastructure.
 - There are vouchers available to help SB and fleets get into zero-emission vehicles.
- Small business centers are not like a franchise – they all function differently based on the demand in their community.
 - Start with your lead, local center.
- For more information, email: cpcfautreach@treasurer.ca.gov
 - CPCFA Phone Number: (916) 654-5610
- Questions and Comments:
 - Is it because the money is coming from the SBA that we are using NAICS code in California instead of UNSPC codes? (Lee Cunningham).
 - The money is coming from the US Treasury. CalCAP does not have a formal relationship with the SBA but maintains awareness of what they are doing. It is a requirement of various entities that NAICS are included. (Alison French-Tubo).
 - There is a set aside within the \$1.8 billion dollars for socially and economically disadvantaged individuals. It is a self-experiential questionnaire. If you already have a DBE certification you cannot substitute it for the questionnaire, but it is unique to these programs. Policymakers receive insight into how the funds are being used with this questionnaire. (Alison French-Tubo).
 - Can we use this as collateral approach in that kind of a financial worthiness in setting a contract? (Lee Cunningham).
 - CalCAP cannot advise on setting up of a deal with a lender. Developing specialty programs where they have found the lenders who want that type of deal already... but in terms of accounts receivable there are lenders that specialize in that. For those situations they do not want collateral. However, these lenders do not fit into the regulatory boxes of the lenders that CalCAP is allowed to work directly with. (Alison French-Tubo).

- I appreciate this presentation. I have so many of my members who are looking for loans. I am happy the State Treasurer has stepped in. (Fred Jordan).

New Business, David DeLuz, Chair

- No new business was brought forward for consideration.

Public Comment

- No comments were made.

Meeting Adjourned

- Motion to end the meeting put forth by Debbie Hunsaker and seconded by Eddy Lau.
 - Meeting adjourned at 12:04 p.m.

Closing Remarks/Next Meeting – David DeLuz

- January 16th and 17th, 2025.
 - Hybrid via WebEx and in-person at the District 12 office in Santa Ana, CA.

Council Members – Roll Call

- Raewyn Butcher, BuildOUT California
- Derek Carroll, Elite Service Disabled Veteran Owned Business Network
- Arvin Chaudhary, American Council of Engineering Companies - CA
- Lee Cunningham, Women Construction Owners and Executives, CA Chapter
- Karen Rollandi, Women Construction Owners and Executives, CA Chapter
- Danny Garza, La Raza de Roundtable
- Bruce Giron, National Association of Minority Contractors, NorCal
- Caleb Haus, Visalia Chamber of Commerce
- Richard Hernandez, San Bernardino Chamber of Commerce
- Debbie Hunsaker, Fresno Chamber of Commerce
- Johnathan Hou, Asian Business Community Development
- Fred Jordan, San Francisco African American Chamber of Commerce
- Jay King, CA Black Chamber of Commerce
- Eddy Lau, Asian American Architects and Engineers
- Albert Leung, Asian American Architects and Engineers, SoCal
- Rich Wallace, SoCal Black Chamber of Commerce
- Shaila Rao Mistry, National Association of Women Business Owners, CA
- Karen Nelson, CA Asian Pacific Chamber of Commerce
- Trinity, Nguyen, Conference of Minority Transportation Officials, NorCal
- Zeke Patten, Black Business Association