



BRIEFING: DECEMBER 5, 2013, BOARD MEETING AGENDA ITEM #3

TO: Chairman Richard and Board Members

FROM: Robert Padilla, Small Business Advocate

DATE: December 5, 2013

RE: Small Business Program Update

Introduction

The California High-Speed Rail Authority is committed to small businesses playing a major role in building the statewide high-speed rail project. The small business program has an aggressive 30 percent goal for Small Business (SB) participation including Disadvantaged Business Enterprises (DBE), Disabled Veteran Business Enterprises (DVBE) and Micro-Businesses (MB). It is conducted in accordance with agreements between the Federal Railroad Administration and the Authority and ensures that high-speed rail will benefit from the creativity, diversity and commitment of the small business community.

Background

On November 3, 2011, the Authority's Board of Directors approved the adoption of the Small and Disadvantaged Business Enterprise Policy Directive #POLI-SB-01 to ensure Small Businesses (SB), Microbusinesses (MBs), Disadvantaged Business Enterprises (DBE) and Disabled Veteran Business Enterprises (DVBE), are afforded every opportunity to participate in the contract bidding process for the high-speed rail project. The policy also established an overall 30 percent small business participation goal for firms that meet the eligibility criteria for Federal Disadvantaged Business Enterprises (DBE) and State of California Small Businesses, which includes those certified as a DBE or DVBE.

On August 20, 2012, the Authority Board of Directors approved an aggressive 10 percent race and gender neutral participation goal for Disadvantaged Business Enterprises (DBE) on the high-speed rail project. This action came after Authority CEO Jeff Morales reaffirmed the Small Business Policy Directive #POLI-SB-01 that stipulated a 30 percent small business goal which already included a 3 percent DVBE goal. The overall 30 percent small business goal can be met in any combination and at any tier level.

The Authority has several objectives to meet the 30 percent goal. One of the top objectives is to ensure that the Authority creates a small business program that is flexible, attainable, efficient and credible. Other objectives include a robust outreach plan, small business certification

assistance, networking with potential contractors, monthly newsletter and a Business Advisory Council that makes recommendations for small businesses to participate on the project.

As part of the small business program, the Authority has committed to several plan components. These include prompt payment to contractors, supportive services and assistance to small businesses to ensure that the lines of communication stay open between the Authority and our partners. The Authority will also work to ensure that clear guidelines are provided for both parties and providing a forum to express ideas and concerns.

While the Authority is not a small business certifying agency, the Authority recognizes the SB certifications from the California Department of General Services, the California Unified Certification Program, and the U.S. Small Business Administration 8(a) Program.

The Authority is continually seeking new and innovative approaches to improve its policies and procedures to eliminate any barriers and increase small business utilization. As a result, the Board of Directors approved the formation of a Business Advisory Council (Council) on April 19, 2012. The Council is representative of statewide construction and professional services business trade associations that serve as a forum to provide essential input and advisement to the Authority in implementing practices that effect and/or impact the small business community.

Small Business Utilization

Since the adoption of the Small and Disadvantaged Business Enterprise Program, the Authority has made significant progress in utilization of small businesses on the high-speed rail project.

Attached is graph that shows the overall SB/DVBE/DBE commitment for contracts awarded from November 2011 through October 2013.

Please note the following:

- 14 contracts or contract amendments were awarded from November 2011 to October 2013
- 5 of the 14 contracts are “contract amendments” for time and funding
- 14 contracts or contract amendments commit to meet the overall 30 percent small business goal, with firms who are certified as SB, DBE and DVBE
- 14 contracts commit to include DBE and DVBE participation
- The legend on the graph describes a color for the respective certification: red for SB/DBE, blue for SBE, yellow for DBE, and green for DVBE
- 4 contracts have 100 percent small business commitments;

As a requirement of the Federal Railroad Administration Cooperative Agreement, the Authority is required to prepare and submit a semi-annual report titled Uniform Report of DBE Awards or Commitments. The document reports on federal funding expended with DBEs and further detailed by race, ethnicity and gender.

The semi-annual report results for federal funding expended with DBEs in federal fiscal year are

- For the period October 1, 2012 to March 30, 2013: \$6,375,000, or 18.75% DBE
- For the period April 1 2013 to September 30, 2013, \$129,954,447 or 12.70% for DBEs

Small Business Achievements in 2013

In its continued outreach and assistance to small businesses, the Authority hosted a series of free statewide workshops to help certify small businesses that want to participate in the statewide high-speed rail project. The Authority provided small businesses with hands-on technical assistance, which included on-the-spot certification that can be completed online. Participants received pertinent information on upcoming procurement opportunities around the state that would be of interest to their businesses. Since the program's kickoff in April 2013, 14 workshops were held around the state, yielding hundreds of small businesses certifications.

In April 2013, the Authority partnered with the U.S. Small Business Administration (SBA) to expand outreach and marketing in support of small business utilization on the high-speed rail project. The Strategic Alliance Memorandum, a two-year agreement, outlines the Authority and SBA's joint outreach efforts to strengthen and expand Central Valley small business participation in the initial construction of the high-speed rail system.

In May 2013, the Authority partnered with the U.S. Minority Business Development Agency (MBDA), part of the U.S. Department of Commerce, to expand outreach and marketing in support of minority-owned business and small business participation on the high-speed rail project. The five-year agreement outlines the Authority and MBDA's joint outreach efforts to strengthen and expand the utilization of Central Valley minority business enterprises during the initial construction of the high-speed rail system. The MOU was signed at the grand opening of a new Fresno MBDA Business Center on May 3, 2013. The center will provide minority-owned firms with professional management and technical assistance, information for regional contracting opportunities, and help businesses to get certified and ready for work.

The Authority and the California Department of Veterans Affairs (CalVet) held a joint press conference on November 7, 2013 announcing a strategic partnership that will bolster participation of small businesses, especially those owned by disabled veterans, on the high-speed rail project. Following the announcement, CalVet Secretary Peter J. Gravett and Authority CEO Jeff Morales signed the agreement to implement the partnership. It is worth noting that five of the nine members of the Authority Board of Directors are military veterans. The Authority's 30 percent small business goal contains a 3 percent provision for small businesses owned by veterans.

The Authority's commitment to small business utilization was recognized with a series of award including recognition at the Department of General Services (DGS) State Agency Recognition Awards (SARA) program and luncheon with a certificate as a finalist for furthering "Best Practices" that benefit SB and DVBES. The Authority was also recognized by the Elite Service Disabled Veteran Owned Business (SDVOB) Network as a recipient of the 2013 National Service Disabled Veteran Owned Business Owners Best Practices Award.

Recommendation

No action by the Board is requested, as this is an informational item only.