

Small Business Outreach Plan & Implementation Report

Report to the Legislature
2019



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Executive Summary

Governor Brown signed Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017), the *Road Repair and Accountability Act of 2017*, into law on April 28, 2017, which invests \$54 billion over the next decade to improve and maintain California's transportation infrastructure and significantly expands the scope of opportunities available for small businesses to participate on Caltrans' contracts. On July 21, 2017, Governor Brown signed a budget trailer bill, SB 103 (Committee on Budget and Fiscal Review, Chapter 95, Statutes of 2017), which established additional provisions for various transportation programs.

SB 103 requires Caltrans to develop an outreach plan by January 1, 2019, to increase procurement opportunities for new and limited contracting small business enterprises owned by certain disadvantaged groups. Caltrans has prepared this Small Business Outreach Plan and Implementation Report in accordance with SB 103. Caltrans' Small Business Outreach Plan is organized into three parts:

- Part I: Small Business Outreach Plan
- Part II: Implementation of Related SB 103 Small Business Requirements
- Part III: Appendices

Overview of Outreach Efforts

Caltrans' Small Business Outreach Plan (Part I) proposes a balance of new outreach strategies and approaches, as well as enhancements to existing efforts, that seek to build upon Caltrans' success at increasing the dollar value of contracts and procurements awarded to certified Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise firms.

Caltrans has consistently exceeded the 25 percent Small Business participation goal and 3 percent Disabled Veteran Business Enterprise participation goal in state-funded contracts and procurements. Meanwhile, Caltrans has steadily increased Disadvantaged Business Enterprise participation in its Federal Highway Administration-assisted contracts relative to its overall annual goal of 17.6 percent for federal fiscal years 2019-2021. As a certifying agency for Disadvantaged Business Enterprises, Caltrans is committed to increasing the number of newly certified highway construction and related professional services Disadvantaged Business Enterprises by 100 percent in the 2019 calendar year.

Caltrans' Office of Business and Economic Opportunity will increase outreach efforts to connect with potential participants, use results from data driven targeted marketing campaigns, and convene a workgroup of key internal stakeholders to monitor progress, track outcomes, and meet participation goals. Caltrans will work diligently to implement the Small Business Outreach Plan in compliance with applicable laws, rules, and regulations through the following statutorily required activities:

- Improve partnerships with the Department of Industrial Relations, Division of Apprenticeship Standards, and the Federal Highway Administration by exploring opportunities for underrepresented individuals to participate in apprenticeship programs to increase participation in the transportation construction industry, as required by SB 103 Sec. 4, Government Code section 14110.1(b)(1).
- Improve partnerships with business assistance organizations, including, but not limited to, Caltrans' Disadvantaged Business Enterprise Supportive Services consultants, that host workshops, training classes, and other activities around the state focused on opportunities to contract with Caltrans, as required by SB 103 Sec. 4, Government Code section 14110.1(b)(2).
- Introduce new and limited contracting small business enterprises to prime contractors by organizing business matchmaking events and activities; contract-specific outreach events; and meetings with industry organizations, as required by SB 103 Sec. 4, Government Code section 14110.1(b)(3).
- Establish baseline metrics, collect and track contracting and procurement data, maintain district-specific contact lists, and inform new and limited contracting small business enterprises of upcoming opportunities to increasing contacts between these enterprises and prime contractors, as required by SB 103 Sec. 4, Government Code section 14110.1(b)(4).
- Expand opportunities for underrepresented groups to participate in Caltrans' statewide Small Business Council, Disadvantaged Business Enterprise Participation Committee, and other partnering activities to inform members of opportunities to participate in transportation contracts, as required by SB 103 Sec. 4, Government Code section 14110.1(b)(5).

The Implementation Report (Part II) describes the following activities required by SB 103 to monitor and increase procurement opportunities for new and limited contracting small business enterprises:

- Collecting and reporting voluntarily reported data on recipients of Caltrans' contract awards, as required by SB 103 Sec. 5, Government Code section 14110.2.
- Achieving a minimum of 25 percent certified Small Business participation in Caltrans' state-funded contracts and procurements, as required by SB 103 Sec. 6, Government Code section 14110.3.
- Taking steps to raise the disparity indices for Caltrans' contracts awarded under the federal Disadvantaged Business Enterprise program, as required by SB 103 Sec. 7, Government Code section 14110.4(a).
- Implementing recommendations from Caltrans' Disadvantaged Business Enterprise disparity studies, under SB 103 Sec. 7, Government Code section 14110.4(b).
- Publishing notices of Caltrans' contracting opportunities in publications whose primary audience consists of underrepresented groups, as required by SB 103 Sec. 9, Public Contract Code section 10140(c)(2).

Pursuant to SB 103 Sec. 4, Government Code section 14110.1(c), Caltrans will submit its Small Business Outreach Plan and Implementation Report, including any future updates, to the California Legislative Black Caucus; California Latino Legislative Caucus; California Asian Pacific Islander Legislative Caucus; California Legislative Lesbian, Gay, Bisexual, and Transgender Caucus; and the California Legislative Women's Caucus.

Background

Governor Brown signed into law Senate Bill (SB) 1 (Beall, Chapter 5, Statutes of 2017), the *Road Repair and Accountability Act of 2017*, on April 28, 2017. SB 1 invests \$54 billion over the next decade to improve and maintain California's transportation infrastructure, which significantly expands the scope of opportunities available for small businesses to participate on Caltrans' contracts. SB 1 requires Caltrans to prepare a plan by January 1, 2020, to increase by up to 100 percent the dollar value of contracts and procurements awarded to certified Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise firms.

SB 103 (Committee on Budget and Fiscal Review, Chapter 95, Statutes of 2017), a budget trailer bill for SB 1, signed on July 21, 2017, established additional provisions for various transportation programs, including a requirement for Caltrans to develop an outreach plan to increase procurement opportunities for new and limited contracting small business enterprises, including, but not limited to, those owned by women, minorities, disabled veterans, lesbian, gay, bisexual, and transgender (LGBT), and other disadvantaged groups, by January 1, 2019.

Part I: Small Business Outreach Plan

Caltrans has prepared its Small Business Outreach Plan (Part I) in accordance with SB 103 Sec. 4, Government Code section 14110.1(a), which states, in part:

“The department shall develop and submit to the Legislature, by January 1, 2019, a detailed outreach plan intended to increase procurement opportunities for new and limited contracting small business enterprises, including, but not limited to, those owned by women, minority, disabled veterans, LGBT, and other disadvantaged groups, in all the department's transportation programs, including, but not limited to, state road repairs, bridge repair and maintenance, trade corridors, congestion commute corridors, and local partnerships.”

SB 103 Sec. 4, Government Code section 14110.1(b) specifies the types of outreach activities Caltrans shall undertake and include in its Small Business Outreach Plan. They are as follows:

- SB 103 Sec. 4, Government Code section 14110.1(b)(1): Use of apprenticeship programs to increase participation in the transportation construction industry.
- SB 103 Sec. 4, Government Code section 14110.1(b)(2): Partnering with organizations that host workshops, training classes, and other activities around the state focused on opportunities to contract with Caltrans.
- SB 103 Sec. 4, Government Code section 14110.1(b)(3): Introducing prime contractors to new and limited contracting small business enterprises.
- SB 103 Sec. 4, Government Code section 14110.1(b)(4): Increasing contacts between prime contractors and new and limited contracting small business enterprises.

- SB 103 Sec. 4, Government Code section 14110.1(b)(5): Partnering with organizations representing persons and business enterprises from underrepresented groups to inform members of opportunities to participate in transportation contracts.

Part II: Implementation of Related SB 103 Small Business Requirements

Caltrans' Small Business Outreach Plan focuses on the activities specified in SB 103 Sec. 4, Government Code section 14110.1(b), as required. Additionally, Caltrans has incorporated into its plan supplemental information and references to related provisions and corresponding activities that may contribute to increasing procurement opportunities for new and limited contracting small business enterprises, including those owned by underrepresented individuals. These provisions are as follows:

- SB 103 Sec. 5, Government Code section 14110.2: Collecting and reporting voluntarily reported data on recipients of Caltrans contract awards.
- SB 103 Sec. 6, Government Code section 14110.3: Achieving a minimum of 25 percent certified Small Business participation in Caltrans' state-funded contracts and procurements.
- SB 103 Sec. 7, Government Code section 14110.4(a): Taking steps to raise the disparity indices for Caltrans' contracts awarded under the federal Disadvantaged Business Enterprise program.
- SB 103 Sec. 7, Government Code section 14110.4(b): Implementing recommendations from Caltrans' Disadvantaged Business Enterprise disparity studies.
- SB 103 Sec. 9, Public Contract Code section 10140(c)(2): Publishing notices of Caltrans' contracting opportunities in publications whose primary audience consists of underrepresented groups.

Part I: Small Business Outreach Plan

Outreach Plan Overview

Caltrans’ Office of Business and Economic Opportunity, the organizational home of Caltrans’ overarching Small Business Program, served as the primary author of Caltrans’ Small Business Outreach Plan. The Office of Business and Economic Opportunity’s mission, “Promote equal opportunity in Caltrans’ programs, services, and activities,” aligns closely with many SB 103 provisions, including efforts to create a more level-playing field for small businesses and underrepresented groups to participate in Caltrans’ contracts and procurements.

The Office of Business and Economic Opportunity’s proposed activities include a balance of new outreach strategies and approaches, as well as enhancements to existing efforts that seek to build upon Caltrans’ success at increasing the dollar value of contracts and procurements awarded to certified Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise firms over the past several years.

The Office of Business and Economic Opportunity will use data from state fiscal year 2017-2018 and/or federal fiscal year 2017, as shown in Table 1 below, as baselines for evaluating efforts to increase procurement opportunities.

Table 1

Program	Overall Goal	Authority	Scope	Caltrans’ Fiscal Year 2017-2018 Participation
Small Business	25 percent	Government Code section 14110.3	Applies to state-funded contracts and procurements	28.5 percent
Disabled Veteran Business Enterprise	3 percent	Military and Veterans Code section 999.1	Applies to state-funded contracts and procurements	4.9 percent
Disadvantaged Business Enterprise	17.6 percent*	Title 49, Code of Federal Regulations, Part 26.45	Applies to contracts and procurements funded all, or in part, with United States Department of Transportation funds	12.1 percent**

**Effective October 1, 2018*

***Federal fiscal year 2017 Disadvantaged Business Enterprise participation*

The Office of Business and Economic Opportunity's proposed activities require the participation of key internal stakeholders, such as Caltrans' 12 district offices and other divisions engaged in project delivery-related functions, to effectively develop and implement plan components, monitor and report out on progress, and effect change based on outcomes. The Office of Business and Economic Opportunity will organize, implement, and chair a workgroup of key internal stakeholders to facilitate tracking and monitoring of plan components and outcomes. An overview of the proposed workgroup can be found in Appendix B.

Caltrans' Small Business Outreach Plan is organized into three parts:

- Part I: Small Business Outreach Plan
- Part II: Implementation of Related SB 103 Small Business Requirements
- Part III: Appendices

Part I includes the specific types of outreach activities required to be included in Caltrans' Small Business Outreach Plan pursuant to Government Code section 14110.1(a)-(b). Part II summarizes implementation activities required by SB 103 that may contribute to increasing procurement opportunities for new and limited contracting small business enterprises. Part III compiles supplemental information.

The Office of Business and Economic Opportunity will pursue the development of departmental policies relative to the use of small businesses, including new and limited contracting small business enterprises, to provide goods and services. One policy issue involves establishing a standard for training all Caltrans contracting and purchasing staff on how they can use small businesses to assist in meeting overall annual business participation goals. Another policy will establish a process to include the use of new and limited contracting small business enterprises on Caltrans' contracts and procurements to the maximum extent possible.

As Caltrans explores efforts to engage and assist new and limited contracting small business enterprises, including those owned by underrepresented individuals, Caltrans must be cognizant of existing law that prohibits State government agencies from considering race, sex, color, ethnicity, or national origin in public contracting. Proposition 209 potentially restricts the type and scope of activities that Caltrans could implement in certain situations to increase procurement opportunities for underrepresented businesses. As Caltrans implements its Small Business Outreach Plan, it will work diligently to craft programs, services, and activities that comply with applicable laws, rules, and regulations, including Proposition 209.

[Overview of the Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise Programs](#)

Caltrans has two main sources of funding: State funding and federal funding. Each funding source comes with its own provisions and restrictions regarding use of small businesses and minority-owned businesses. On the State side, Proposition 209 establishes limitations on

providing any preference based on race or gender; thus, existing State programs focus on small businesses and disabled veteran-owned businesses. On the federal side, however, Caltrans may institute a narrowly-tailored goal where disparities are known to exist for businesses that have historically faced disadvantages, including those owned by women and minorities. If a Caltrans contract or procurement is funded all, or in part, with United States Department of Transportation funds, the contract or procurement is considered “federalized” and, therefore, federal business participation requirements apply.

The State of California’s Small Business Program was established by Government Code section 14835-14847 with the intent to preserve a free market economy where a fair proportion of total contracts and purchases are awarded to certified small businesses. Government Code section 14835-14847 provides authority for state departments to offer a bid preference for certified Small Business bidders (and a corresponding bid preference for non-certified bidders who commit at least 25 percent of a contract to certified small businesses), as well as an option for state departments to contract directly with a certified Small Business or Disabled Veteran Business Enterprise for goods, services, and information technology valued between \$5,000.01 and \$249,999.99 (up to \$314,000 for public works contracts), also known as the Small Business/Disabled Veteran Business Enterprise Option. Two executive orders, D-37-01 and S-02-06, direct state departments to meet a 25 percent Small Business participation goal in state contracting. SB 103 includes a 25 percent Small Business participation requirement for state contracting that applies specifically to Caltrans.

Small Business Participation Achieved by Caltrans			
Fiscal Year	Total Contract \$	Small Business \$	Small Business %
17/18	\$1,785,183,219	\$509,017,424	28.51%
16/17	\$1,416,819,919	\$408,919,922	28.86%
15/16	\$1,129,015,763	\$519,879,000	46.05%
14/15	\$1,230,371,824	\$349,378,944	28.40%
13/14	\$1,074,833,768	\$303,566,873	28.24%

The State of California’s Disabled Veteran Business Enterprise program was established by Military and Veterans Code section 999-999.13 to recognize the sacrifices of Californians disabled during military service and address the needs of disabled veterans that are interested in starting their own businesses. Military and Veterans Code section 999-999.13 establishes a requirement for all state departments to meet a 3 percent Disabled Veteran Business Enterprise participation goal in state contracting; the 3 percent participation goal is also referenced in Public Contract Code section 10115 and Executive Order D-43-01. Military and Veterans Code section 999-999.13 provides authority for state departments to set Disabled Veteran Business Enterprise

contract goals on individual contracts as well as apply a Disabled Veteran Business Enterprise incentive to solicitations as a means of encouraging additional participation.

Disabled Veteran Business Enterprise Participation Achieved by Caltrans			
Fiscal Year	Total Contract \$	Disabled Veteran Business Enterprise \$	Disabled Veteran Business Enterprise %
17/18	\$1,785,183,219	\$87,857,147	4.92%
16/17	\$1,416,819,919	\$46,800,099	3.30%
15/16	\$1,129,015,763	\$57,190,818	5.07%
14/15	\$1,230,371,824	\$47,149,004	3.83%
13/14	\$1,074,833,768	\$40,695,746	3.79%

The Disadvantaged Business Enterprise program is a United States Department of Transportation program established under the authority of Title VI of the Civil Rights Act of 1964. Its objectives are to ensure nondiscrimination in the award and administration of United States Department of Transportation-assisted contracts, create a level playing field for Disadvantaged Business Enterprise firms to compete fairly for work, remove barriers to Disadvantaged Business Enterprise participation, and assist Disadvantaged Business Enterprise firms to compete successfully in the marketplace outside of the Disadvantaged Business Enterprise program. As a direct recipient of United States Department of Transportation funds, Caltrans is required to implement a Disadvantaged Business Enterprise program pursuant to Title 49 of the Code of Federal Regulations, Part 26. These regulations require Caltrans to calculate an overall annual Disadvantaged Business Enterprise participation goal for its Federal Highway Administration- and Federal Transit Administration-assisted contracts every three years, which must be based on demonstrable evidence of the relative availability of Disadvantaged Business Enterprises to perform Caltrans work. The process Caltrans follows to obtain this evidence is referred to as a disparity study. Caltrans obtains Disadvantaged Business Enterprise participation by employing a combination of race- and gender-conscious measures (i.e., setting individual Disadvantaged Business Enterprise goals on contracts with subcontracting opportunities) and race-neutral measures (i.e., measures that benefit all small businesses, including Disadvantaged Business Enterprises) in accordance with Title 49 of the Code of Federal Regulations, Part 26.

Disadvantaged Business Enterprise Participation Achieved by Caltrans

Fiscal Year	Total Contract \$	Disadvantaged Business Enterprise \$	Disadvantaged Business Enterprise %
2017	\$2,067,672,953	\$249,731,945	12.08%
2016	\$2,487,833,457	\$327,195,499	13.15%
2015	\$2,155,775,962	\$268,285,823	12.44%
2014	\$1,561,153,730	\$185,567,694	11.89%
2013	\$1,854,546,001	\$197,584,914	10.65%

Caltrans' Office of Business and Economic Opportunity, Training and Outreach Branch

Within Caltrans' Office of Business and Economic Opportunity, the Training and Outreach Branch is primarily responsible for assisting small businesses, including businesses owned by underrepresented individuals, to help Caltrans meet its overall annual participation goals for the Small Business (25 percent), Disabled Veteran Business Enterprise (5 percent), and Disadvantaged Business Enterprise (17.6 percent) programs. This includes, but is not limited to, providing training and technical assistance to small businesses, organizing and/or participating in outreach events and activities, working collaboratively with Caltrans' contracting and purchasing staff to mitigate participation barriers and apply or enforce programmatic requirements, and tracking and reporting outcomes. These functions are inclusive of the mission-critical advocacy services Caltrans is required to implement pursuant to Government Code section 14846 (i.e., Small Business Advocate) and Military and Veterans Code section 999.12 (i.e., Disabled Veteran Business Enterprise Advocate). In addition, these functions contribute to "good faith" administration of Caltrans' federal Disadvantaged Business Enterprise program, as required by Title 49 of the Code of Federal Regulations, Part 26.

Over the past four federal fiscal years, the Training and Outreach Branch has more than tripled the number of training and outreach events in which it has participated. Refer to Table 2 below:

Table 2

Training and Outreach Branch Events	
Federal Fiscal Year	Event Count*
2018	72
2017	39
2016	31
2015	19

**Source: Disadvantaged Business Enterprise Annual Element Reports*

Sample events include:

- “Doing Business with Caltrans: Getting Started”: Is an introductory-style training that provides information and resources to businesses that are interested in learning about Caltrans’ contracting and procurement opportunities.
- Certification Workshops: Provides information to participants regarding eligibility requirements for Small Business, Disabled Veteran Business Enterprise, or Disadvantaged Business Enterprise certification, application processes, and benefits.
- Subcontractor Training: Covers relevant requirements and information to help prepare highway construction subcontractors to compete for work on Caltrans’ construction contracts.
- Pre-Proposal Conferences for Architectural and Engineering Contracts: Provides information and resources to prospective proposers and subconsultants to navigate contract-specific requirements, including how to source certified businesses to meet business participation goals, expectations for payments/utilization of listed subconsultants, and substitution procedures.
- Business Matchmaking Events: Participation typically consists of overseeing an informational resource table and interacting directly with attendees, participating in structured business matchmaking activities, or presenting information during breakout seminars/panels to educate audiences about Caltrans contracting opportunities.

The Training and Outreach Branch typically publicizes and markets events and activities in advance using a combination of methods, such as populating an online events calendar on the Office of Business and Economic Opportunity’s web site, developing and disseminating promotional flyers, posting on social media, sending direct mailings to prospective attendees, and leveraging partnerships with business assistance organizations to share information with members. In 2018, the Office of Business and Economic Opportunity purchased a subscription to Constant Contact, an e-mail marketing product that will provide enhanced tracking and analytics relative to communication efforts moving forward.

The Training and Outreach Branch’s efforts to identify target audiences for events and activities are informed by the purpose, scope, and location of the event or activity. For example, when organizing a certification workshop, staff canvasses lists of “potential” applicants for whom there exists relevant data about business size, scope, and/or ownership, and includes these businesses in mailings. For contract-specific outreach events, staff accesses directories of certified businesses—like Cal eProcure (for certified Small Business and Disabled Veteran Business Enterprise firms) and the California Unified Certification Program database (for certified Disadvantaged Business Enterprise firms)—and uses relevant coding, such as United Nations Standard Products and Services Codes, North American Industry Classification System codes, work category codes, and other identifiers, to include businesses whose primary activities suggest they may benefit from participating. Bidding histories and/or records may also inform

outreach, by providing information about businesses that expressed interest in a project and submitted a bid but were ultimately not selected.

Most of the events and activities in which the Training and Outreach Branch participates require participants to be physically present to receive information and resources. However, in 2018, the Office of Business and Economic Opportunity introduced a video teleconference option to facilitate participation in sparsely-populated regions and completed voice-over recordings of several training presentations for on-demand viewing on the Office of Business and Economic Opportunity's web site. The Office of Business and Economic Opportunity purchased equipment in 2018 that will streamline the process for supplementing traditional classroom activities with virtual learning opportunities (i.e., webinars) and, as a result, help Caltrans connect with a broader audience.

The Training and Outreach Branch employs a participant evaluation survey for its training presentations that is designed to assess the level of satisfaction relative to the scope of information provided. The Training and Outreach Branch has administered this survey in one of two ways: 1) electronically, in the days following the session, or 2) in hard-copy form during the session, prior to adjourning. There are pros and cons to both options. For example, electronic surveys afford respondents greater privacy and anonymity when answering questions, but the overall response rate is generally low; hard-copy surveys (distributed during sessions) result in a higher overall response rate, but there is less specificity in terms of feedback. Refer to Appendix A for a summary of survey results from the Training and Outreach Branch's fiscal year 2017-2018 training presentations.

The Training and Outreach Branch has also developed course-specific pre- and post-assessment instruments and hands-on exercises to measure the degree to which presentations and materials were successful in meeting their intended learning objectives. For example, an audience may be asked to complete a written assessment at the beginning of a session to evaluate knowledge in certain areas, and at the end of a session, complete the same or equivalent assessment to evaluate knowledge in the same areas. This approach provides a simple methodology for assessing growth, or regression, and attributing results to specific components of a specific session. Results can be used to inform the scope, structure, and delivery of future sessions.

The Training and Outreach Branch attempts to correlate participation in events with a positive outcome—such as submitting a new application for Small Business, Disabled Veteran Business Enterprise, or Disadvantaged Business Enterprise certification; submitting a bid for a contract; or receiving a contract—to assist in evaluating the effectiveness of services provided. This type of data mining necessitates cross-referencing paper and electronic records across multiple data sources and platforms, as well as ongoing follow-up with event participants long after an event has passed. However, this type of data mining has not been a standard practice for all events, and the bulk of the potential source data has not been mined. Moving forward, the Training and Outreach Branch will attempt to identify a viable and sustainable process for tracking participants' post-event actions as a measure of the relative success of a specific event.

The Training and Outreach Branch plans to augment existing curriculum for small businesses, which broadly encompassing requirements for doing business with Caltrans, with more concise, needs-based learning opportunities that target specific business concerns, such as how to search for and identify potential Caltrans contracting and procurement opportunities. Concepts under review include:

- “Talk to the Trainer” (working title): Consists of one-on-one appointments with Caltrans’ subject-matter experts to assist businesses in identifying opportunities based on their primary business activities.
- “Paving the Way to Contracting” (working title): A series of courses focused on various requirements and expectations for doing business with Caltrans. This concept expounds on many of the topics presented in the Office of Business and Economic Opportunity’s “Doing Business with Caltrans: Getting Started” presentation. Training needs will be assessed individually and include recommendations for specific courses.
- Walk-In Business Resource Center: Will be available in person at the Office of Business and Economic Opportunity’s office, 1823 14th Street, Sacramento, CA 95811, Monday through Friday, from 8:00 a.m. to 5:00 p.m. The resource center may include information about Caltrans’ upcoming contracting opportunities, informational handouts, access to a computer terminal with educational videos and tutorials, and provide opportunities to meet face-to-face with Caltrans subject-matter experts.

Caltrans’ District Office Functions

Caltrans’ 12 district offices are an integral part of efforts to increase the participation of businesses owned by women, minorities, disabled veterans, LGBT, and other underrepresented groups on Caltrans’ contracts and procurements. Because each district office is responsible for a defined part of the state, district staff is inherently vested in local communities and actively cultivates relationships and partnerships with businesses, organizations, and agencies headquartered in the area and/or region.

Each district office designates at least one individual to serve as a District Small Business Liaison, who serves as the district’s primary point of contact for small business-related concerns. District Small Business Liaisons provide technical assistance, outreach, and advocacy services for businesses that are interested in working within their respective district. District Small Business Liaison activities include, but are not limited to:

- Educating internal and external stakeholders regarding Caltrans’ Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise programs.

- Marketing Caltrans’ contracting and procurement opportunities to the small business community, including certified Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise firms.
- Organizing and/or participating in events and activities for small businesses.
- Cultivating partnerships with business assistance organizations, industry groups, and other state and local government agencies.
- Tracking and reporting outreach activities and performance metrics.

District Small Business Liaisons develop and maintain various mailing lists for outreach purposes and work closely with district public information officers to coordinate marketing campaigns via social media. District Small Business Liaisons create flyers and other promotional materials for distribution to target audiences, as well as update district web sites with details of upcoming events and resources for small businesses.

District Small Business Liaisons independently plan and organize events and activities for small businesses or work in partnership with other district offices, Caltrans’ Office of Business and Economic Opportunity, or other public and private entities. District Small Business Liaisons assist with event tracking and follow-up to quantify outreach efforts and provide after-action reports to Caltrans’ Office of Business and Economic Opportunity, where applicable.

The following table (Table 3) breaks down the types of events in which Caltrans’ district staff participated during state fiscal year 2017-2018:

Table 3

District Outreach Events and Activities: 2017-2018	
Description	Count
Trainings/Workshops	30
Small Business/Disabled Veteran Business Enterprise/Disadvantaged Business Enterprise Certification Events	16
Business Assistance Organization Events	15
Pre-Bid/Pre-Proposal Meetings	14
Woman/Minority/Veteran Business Assistance Organization Events	12
Business Expos	12
Local Public Agency Events	8
Meet the Buyer/Meet the Prime	7
Procurement Fairs	7
U.S. Small Business Administration Events	7
Bonding/Financial Events	4
Calmentor Events	4
Construction Industry Events	3
Workforce Development Events	1
Total	140

The role of the District Small Business Liaisons is highly visible within a district; therefore, District Small Business Liaisons routinely field inquiries from small businesses and assist with dispute resolutions. District Small Business Liaisons also work collaboratively with district contract managers and buyers to identify opportunities for maximizing small business participation, such as using the Small Business/Disabled Veteran Business Enterprise Option to contract directly with a certified Small Business or Disabled Veteran Business Enterprise, unbundling larger contracts into smaller contracts, and actively searching directories of certified businesses to identify newly-certified and/or prospective businesses that may be able to provide goods or services.

District offices and their District Small Business Liaisons actively seek out partnerships with local and/or regional public agencies, business assistance organizations, institutions of higher education, technical assistance providers, and financial institutions to help small businesses learn about and compete for Caltrans' contracting opportunities.

Partnerships are typically initiated by introductions to other stakeholders at events and activities, referrals from other organizations and/or individuals, and/or by conducting online market research to identify potential resources. Most partnerships materialize for a specific purpose: organizing an event, exchanging bidders' lists, or sharing contracting opportunities with members or constituents; they evolve through pursuit of shared goals and objectives. Formal memoranda of understanding or partnership agreements are not typically employed.

Sample district partners include:

- California Capital Procurement Technical Assistance Center
- Northern California Procurement and Technical Assistance Center
- Butte College Small Business Development Center
- Sacramento Service Corps of Retired Executives
- Sacramento Public Agency Consortium
- Sacramento Employment Training Agency
- Valley Contractors Exchange
- Sacramento Metro Chamber of Commerce
- Sacramento Asian-Pacific Chamber of Commerce
- Sacramento Hispanic Chamber of Commerce
- Yuba-Sutter Chamber of Commerce
- Sacramento Municipal Utility District
- Associated General Contractors
- Disabled Veteran Business Alliance
- Society of American Military Engineers
- Construction Management Association of America
- City of Los Angeles
- United States Small Business Administration

- Ventura Service Corps of Retired Executives
- City National Bank
- East Los Angeles Small Business Development Center
- Department of General Services
- City of Compton Business Roundtable
- Los Angeles Area Chamber of Commerce
- Greater Conejo Valley Chamber of Commerce
- Los Angeles County Metropolitan Transportation Authority
- Small Business Development Centers
- Southwest Veterans' Business Resource Center
- San Bernardino County Transportation Authority
- Employment Development Department
- Orange County Hispanic Chamber of Commerce
- Orange County Black Chamber of Commerce

Caltrans' Office of Business and Economic Opportunity provides general guidance and direction to District Small Business Liaisons to facilitate consistency in the application and administration of program-specific requirements, strategic objectives, and goals. The Office of Business and Economic Opportunity's guidance for District Small Business Liaisons includes, but is not limited to:

- Hosting bimonthly teleconferences to share information and provide training on emerging issues.
- Maintaining a District Small Business Liaison resource center on the Office of Business and Economic Opportunity's intranet web site that includes relevant informational handouts, presentations, templates, reports, and links.
- Hosting an annual two-day District Small Business Liaison Training Symposium that includes curriculum aimed at increasing Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise participation; guest speakers from various functional areas; and individual and group learning exercises.
- Services of two statewide liaisons who are available to answer questions and provide technical assistance.

Efforts to Certify New Disadvantaged Business Enterprises

The Office of Business and Economic Opportunity's Certification Branch is committed to increasing the number of newly certified highway construction and related professional services Disadvantaged Business Enterprises by 100 percent in the 2019 calendar year. The Office of Business and Economic Opportunity's Certification Branch will use, as its baseline, 158, the number of Disadvantaged Business Enterprises certified in 2018. Progress toward meeting this target will be tracked monthly.

The Certification Branch's outreach efforts to connect with potential Disadvantaged Business Enterprises will include:

- Conducting outreach to certified State Minority Business Enterprise and State Women Business Enterprise firms that may qualify as Disadvantaged Business Enterprises.
- Contacting woman- and minority-owned firms identified in Caltrans' 2016 Federal Highway Administration Disparity Study to communicate the benefits of being certified as a Disadvantaged Business Enterprise.
- Noticing potential Disadvantaged Business Enterprises about appropriate websites that list opportunities to work on Caltrans contracts.
- Providing assistance to apply for Disadvantaged Business Enterprise certification.
- Following-up with Disadvantaged Business Enterprise certification workshop attendees to determine their interest in becoming certified and offer technical assistance.

Assistance with the Disadvantaged Business Enterprise application process includes availability of a walk-in resource center at the Office of Business and Economic Opportunity's office, at 1823 14th Street, Sacramento, CA 95811, where an applicant can meet face-to-face with a Disadvantaged Business Enterprise certification analyst Monday through Friday, 8:00 a.m. to 5:00 p.m. Certification information and resources are also available on Caltrans' internet web site, including links to a webinar regarding the Disadvantaged Business Enterprise application process. In addition, the Certification Branch will begin contacting Disadvantaged Business Enterprise certification workshop attendees within 30 days of a session to inquire about next steps and answer questions about the application process.

Disadvantaged Business Enterprise regulations require the Certification Branch to conduct on-site visits to the applicant firms. The Certification Branch will take this opportunity to discuss contracting opportunities on Caltrans' projects with applicants. In addition, the Certification Branch will identify and contact certified Disadvantaged Business Enterprises that have not been active on any Caltrans projects to determine the reasons. This information could drive system improvements and will be monitored to identify trends.

Targeted marketing campaigns will be data driven and results will be shared with outreach staff, including District Small Business Liaisons. Within five days of receipt of a new Disadvantaged Business Enterprise certification application, the Certification Branch will contact an applicant to determine how they learned about Disadvantaged Business Enterprise certification and the Disadvantaged Business Enterprise program. In addition, the Certification Branch will conduct outreach to other State agencies, including the Contractors State License Board, to raise awareness about Disadvantaged Business Enterprise certification and its benefits for newly licensed businesses. The Certification Branch will make available to District Small Business Liaisons a flyer promoting Disadvantaged Business Enterprise certification for distribution within their respective districts and/or regions.

The Office of Business and Economic Opportunity continuously promotes Disadvantaged Business Enterprise certification and associated benefits to Caltrans' statewide Small Business Council and at partnering meetings with business assistance organizations and industry groups. The Certification Branch will continue to partner with other California Unified Certification Program member agencies that also certify Disadvantaged Business Enterprises by promoting their outreach events on the California Unified Certification Program's website and Caltrans' online event calendar.

New and Limited Contracting Small Businesses Enterprises

Objectives

1. Establish baselines for new and limited contracting small business enterprises.
2. Collect and track contracting and procurement data, including the participation of new and limited contracting small business enterprises, to determine if outreach plan components are contributing to increased contracting and procurement opportunities for new and limited contracting small business enterprises.
3. Conduct outreach to new and limited contracting small business enterprises to inform them of upcoming contracting and procurement opportunities.

Implementation

As part of establishing baselines for new and limited contracting small business enterprises, Caltrans has defined the terms "contract" and "procurement" using applicable California law, regulations, manuals, and guidance. Caltrans defines "contract" and "procurement" as follows:

Contract: A contract is a binding agreement with specific terms, enforceable by law, between two or more parties or entities in which there is a promise to do something in return for a valuable benefit known as consideration. A contract is a promise or set of promises that are legally enforceable and, if violated, allow the injured party access to legal remedies.

Procurement: A procurement provides for an item/commodity. Procurement is the act of obtaining or buying goods, services, or work from an external source that is vital to an organization, often via a tendering or competitive bidding process. This process is used to ensure the buyer receives goods, services, or work at the best possible price, when aspects such as quality, quantity, time, and location are compared.

SB 103 Sec. 4, Government Code section 14110.1(g)(1)(2) defines the following terms:

Limited contracting small business enterprise: A certified small business, as defined in Section 14837, that has received fewer than five public contracts from the department in the previous two years or has received public contracts from the department totaling less than two hundred fifty thousand dollars (\$250,000) in the previous two years.

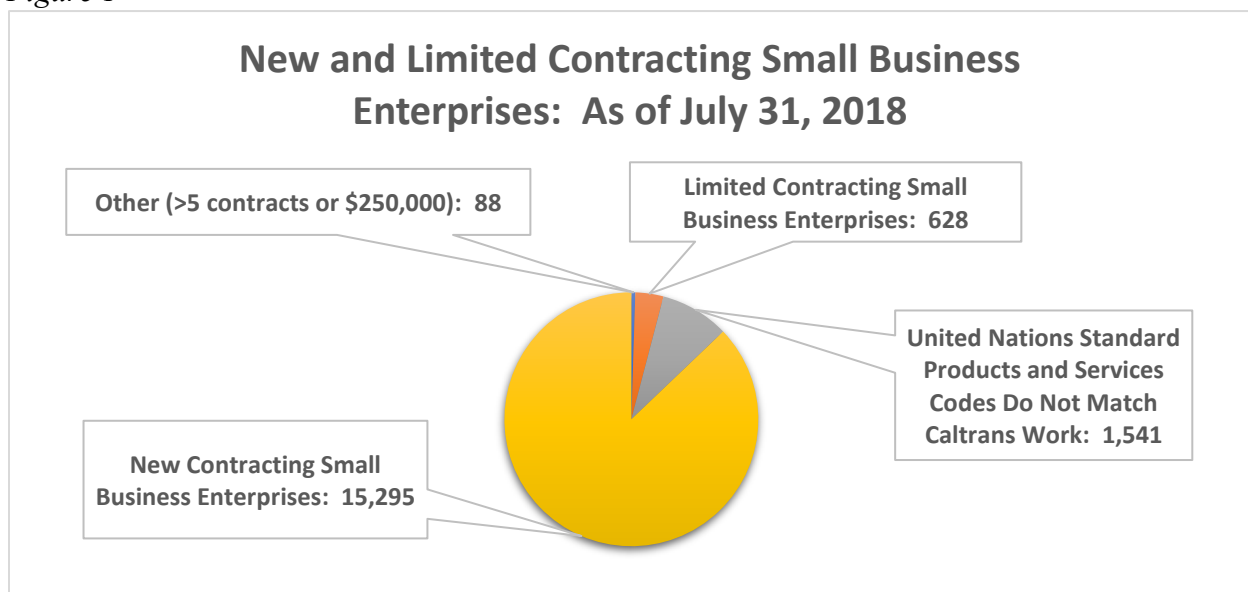
New small business enterprise: A certified small business, as defined in Section 14837, that has not received a public contract from the department in the previous two years.

By extensively researching all certified Small Business firms in the Department of General Services' Cal eProcure database, the Office of Business and Economic Opportunity has determined that there are 17,552 certified Small Business firms as of July 31, 2018. The breakdown of certified Small Business firms, according to SB 103's definitions for new and limited contracting small business enterprises, is as follows:

- 15,295 new contracting small businesses enterprises
- 628 limited contracting small businesses enterprises
- 88 certified Small Businesses with more than 5 contracts or \$250,000 worth of contracts (other)
- 1,541 certified Small Businesses who are not certified to do Caltrans' work based on assigned United Nations Standard Products and Services Codes

Figure 1 presents baselines for new and limited contracting small business enterprises in chart form.

Figure 1



Baselines for new and limited contracting small business enterprises were established using the following process:

1. The Office of Business and Economic Opportunity downloaded all certified Small Business firms in the Department of General Services' Cal eProcure database and cross-referenced listings with firms that received dollars from Caltrans in the previous two fiscal years using data from Caltrans' Division of Procurement and Contracts.
2. All certified Small Business firms are assigned one or more United Nations Standard Products and Services Codes as part of their certification profile. The United Nations Standard Products and Services Codes system is a classification of products and services that allowed the Office of Business and Economic Opportunity to identify businesses whose core activities are the most likely to seek contracts with Caltrans.
3. The Office of Business and Economic Opportunity cross-referenced both data sets to determine which firms qualified as new and limited contracting small business enterprises or others (i.e., a certified Small Business that received more than five contracts or greater than \$250,000 in contracts in the previous two years).
4. Some United Nations Standard Products and Services Codes were identified as classifications for which Caltrans does not have a business need. For example, United Nations Standard Products and Services Codes that classify businesses in industries such as agriculture, pets, and baking. Certified Small Business firms with those United Nations Standard Products and Services Codes were not included in establishing a baseline for new and limited contracting small business enterprises.
5. Data went through three levels of quality control to confirm accuracy.

The Office of Business and Economic Opportunity will collect and report on new and limited contracting small business enterprises data annually to the Legislature.

In addition to the Office of Business and Economic Opportunity's statewide new and limited contracting small business enterprises list, each Caltrans district will have a district-specific new and limited contracting small business enterprises list for tracking purposes and to conduct targeted outreach. District Small Business Liaisons will reach out to certified Small Business firms on their new and limited contracting small business enterprises list to inform them of contracting and procurement opportunities within their respective districts. District Small Business Liaisons will also provide training to district contract managers and buyers regarding use of the new and limited contracting small business enterprises list when contracting opportunities arise. District offices, as well as the Office of Business and Economic Opportunity, will track outreach efforts to certified Small Business firms on the new and limited contracting small business enterprises list and attempt to correlate outreach efforts with bid submittals and potential awards.

Outreach Activities Required by Statute

The following sections of Part I of the report describe Caltrans' objectives and implementation strategies for the Small Business Outreach Plan elements, as required by Government Code sections 11410.1(b)(1) through 11410.1(b)(5).

A. Apprenticeship Programs (*Government Code Section 11410.1(b)(1)*)

Requirement

SB 103 Sec. 4, Government Code section 14110.1(b)(1): Sponsor, fund, or partner with apprenticeship programs, including those engaged in specific efforts to increase participation in the transportation construction industry of all groups, including, but not limited to, women, minorities, LGBT, disabled veterans, disadvantaged youth, and formerly incarcerated individuals.

Objectives

1. Partner with the Department of Industrial Relations, Division of Apprenticeship Standards, to identify apprenticeship programs throughout the State with approved curricula.
2. Partner with the Federal Highway Administration to identify highway construction crafts in which there exists a shortage of qualified workers, based on annual reports of workforce data.
3. Pursue contractual agreements with apprenticeship programs approved by the Department of Industrial Relations, Division of Apprenticeship Standards, to provide opportunities for all groups, including underrepresented populations, to receive job-related training that leads to meaningful employment.

Implementation

The Federal Highway Administration allocates funds annually to Caltrans to implement an On-the-Job Training Supportive Services program. The On-the-Job Training Supportive Services program seeks to increase the employability of historically underrepresented individuals in the highway construction trades.

The Office of Business and Economic Opportunity researches trades in which federal-aid highway construction contractors report shortages of apprentices and/or trainees by analyzing annual workforce data reports. Using job forecasting data from the United States Department of Labor, Bureau of Labor Statistics, the Office of Business and Economic Opportunity identifies anticipated future employment opportunities for women, minorities, and other underrepresented or disadvantaged groups to determine which crafts to target for apprenticeship training programs.

The Office of Business and Economic Opportunity also analyzes the types of barriers that may preclude individuals from participating in the selected crafts and develops mitigation measures.

The Office of Business and Economic Opportunity confirms availability of apprenticeship programs for selected trades that are accredited by the Department of Industrial Relations, Division of Apprenticeship Standards, as required by the Federal Highway Administration. Once availability is confirmed, the Office of Business and Economic Opportunity completes vetting of potential apprenticeship programs and provides recommendations to the Federal Highway Administration for approval. Upon approval by the Federal Highway Administration, the Office of Business and Economic Opportunity pursues contractual agreements with apprenticeship programs. Once executed, the Office of Business and Economic Opportunity monitors participant progress and tracks the number of hours logged toward journeyman status.

Caltrans has contracted with the Field Ironworker Apprenticeship & Training Program to provide ironworker apprenticeship training for women, minorities, and other disadvantaged individuals. During the contract's 12-month term, the Field Ironworker Apprenticeship & Training Program will enroll 80 participants into a pre-apprenticeship training program to prepare them for ironworker apprenticeship program requirements and expectations. Upon graduation from the pre-apprenticeship training program, each graduate will proceed to the Field Ironworker Apprenticeship & Training Program's ironworker apprenticeship program and work in the construction trade, sponsored by either a local union or participating contractor. The Field Ironworker Apprenticeship & Training Program's first pre-apprenticeship class had 10 students, and upon graduation, all 10 graduates—now apprentices—worked on Caltrans contracts. Additional classes will be scheduled throughout the contract term to reach the target enrollment figure.

In the future, Caltrans plans to work with other highway construction crafts to provide apprenticeship opportunities for women, minorities, and other disadvantaged individuals. Success will be measured by the number of underrepresented individuals who sign up for apprenticeship programs, by the number of hours logged during the contract term, and by the number of contracts/projects on which participating apprentices worked during the contract term. The Office of Business and Economic Opportunity will monitor the outcome of the current program and make any necessary adjustments to ensure its future success.

B. Partnerships with Organizations (*Government Code Section 11410.1(b)(2)*)

Requirement

SB 103 Sec. 4, Government Code section 14110.1(b)(2): Host, fund, or partner with organizations that host workshops, training classes, and other activities around the state focused on opportunities to contract with the department. Contracting opportunities discussed may

include, but shall not be limited to, construction, communication, and consulting services in the areas of engineering, environmental, and surveying services.

Objectives

1. Establish a business development program for certified Disadvantaged Business Enterprises pursuant to Appendix C of Title 49 of the Code of Federal Regulations, Part 26.
2. Increase the number of bids/proposals submitted by certified Disadvantaged Business Enterprises for work on Caltrans contracts.
3. Increase the number of Disadvantaged Business Enterprises listed on Caltrans contracts.

Implementation

The Federal Highway Administration allocates funding annually to Caltrans for the provision of Disadvantaged Business Enterprise Supportive Services to certified and potential Disadvantaged Business Enterprises at no-cost to participants. Services are made available on a contract basis and include: training, technical assistance, and assistance in preparing and/or updating business plans. Disadvantaged Business Enterprise Supportive Services funds support the delivery of services and activities that are consistent with SB 103, relative to increasing Disadvantaged Business Enterprise participation only. The use of Disadvantaged Business Enterprise Supportive Services funding to assist certified Small Business and Disabled Veteran Business Enterprise firms, as well as other underrepresented businesses that are not also certified as Disadvantaged Business Enterprises or considered potential Disadvantaged Business Enterprises, is not permissible under federal regulation. A “potential Disadvantaged Business Enterprise” is defined as a minority- or woman-owned business that meets revenue requirements described in Title 49 of the Code of Federal Regulations, Part 26.65.

Caltrans offers Disadvantaged Business Enterprise Supportive Services to certified and potential Disadvantaged Business Enterprises on a contract basis. The following contracts are currently in place to provide Disadvantaged Business Enterprise Supportive Services statewide:

- Caltrans has contracted with Humboldt State University, Sponsored Programs Foundation, to provide services in the Northern Region (Districts 1, 2, 3, and 4).
- Caltrans has contracted with California State University, Fresno Foundation, to provide services in the Central Region (Districts 5, 6, 9, and 10).
- Caltrans has contracted with the MiraCosta Community College District to provide services in the Southern Region (Districts 7, 8, 11, and 12).

Each agreement has contract-specific performance metrics for the number of Disadvantaged Business Enterprises to be enrolled, for the number of business plans to be created and/or updated, for the number of participating Disadvantaged Business Enterprises that submit bids for

Caltrans contracts, and for the number of workshops to be held to educate potential Disadvantaged Business Enterprises about certification eligibility requirements. All three contracts expire in June 2019, but they can be extended if funding is approved. In 2018, Caltrans adopted a “pay-for-performance” model for its Disadvantaged Business Enterprise Supportive Services contracts, which is expected to result in quantifiable increases in the number of certified Disadvantaged Business Enterprises competing for and working on Caltrans contracts. Caltrans’ “pay for performance” model stipulates that Disadvantaged Business Enterprise Supportive Services providers will only receive payment for training and technical assistance services rendered by meeting specific performance metrics included in contract terms. The more effective the services, the more the Disadvantaged Business Enterprise Supportive Services provider is paid, up to the stated value for each performance metric that is included in each contract. Caltrans meets weekly with each Disadvantaged Business Enterprise Supportive Services provider and receives monthly progress reports to monitor progress and verify reimbursement claims.

C. Increase Contacts Between Prime Contractors and New and Limited Contracting Small Business Enterprises (*Government Code Sections 11410.1(b)(3) & 11410.1(b)(4)*)

Requirements

SB 103 Sec. 4, Government Code section 14110.1(b)(3): Sponsor meetings to introduce prime contractors to new and limited contracting small business enterprises, including, but not limited to, those owned by women, minority, disabled veterans, LGBT, and other disadvantaged groups.

SB 103 Sec. 4, Government Code section 14110.1(b)(4): Sponsor opportunities, including, but not limited to, prebid meetings and the department’s Calmentor program, to increase contacts between prime contractors and new and limited contracting small business enterprises, including, but not limited to, those owned by women, minority, disabled veterans, LGBT, and other disadvantaged groups.

Objectives

1. Host “Meet the Primes” events to facilitate opportunities for new and limited contracting small business enterprises to meet with prime contractors.
2. Arrange for prime contractor representatives to participate as guest speakers during training presentations for small businesses.
3. Partner with industry organizations to organize business matchmaking events.
4. Establish and/or update criteria for hosting pre-bid meetings for Caltrans contracts and provide training to contracting and purchasing staff.
5. Develop and implement a marketing campaign to recruit additional mentors to participate in the Calmentor program.

Implementation

Caltrans' Office of Business and Economic Opportunity hosted a pair of "Meet the Primes" events in 2016 and 2017 to facilitate exchanges between prime contractors and small businesses. Each event featured a panel of several established prime contractors that educated participating small businesses about the components of a successful bid, the type of work they typically subcontract out, and the resources they make available to assist small businesses to compete for work. The events also included a round table question and answer session, facilitated by Office of Business and Economic Opportunity staff, and allowed time for participants to meet one-on-one to exchange line cards and statements of qualification. Each event was well-attended, but the Office of Business and Economic Opportunity could not quantify the degree to which the events increased contracting opportunities for participating small businesses. In addition, one prime contractor lamented that the attendees were not representative of the type of work they typically make available for subcontracting. Caltrans will continue hosting these events in 2019, placing greater emphasis on targeted marketing to ensure participation of relevant businesses, and capture data from participants to determine whether they went on to submit bids for and/or work on Caltrans contracts as a means of validating success.

Caltrans maintains a robust training and outreach schedule that includes events and activities throughout the State. The traditional model is for Caltrans staff to present information and answer audience questions, but Caltrans will explore opportunities to invite prime contractors to participate as guest speakers to provide important context for industry-specific applications of key concepts. This value-added feature increases contacts between prime contractors and small businesses and serves as a form of mentoring. Caltrans will develop prompts and instructions for participating prime contractors, as well as solicit questions from advance registrants, to inform the scope of information included in presentations and tailor the material for the intended audience. In addition, Caltrans will set aside time during each training session for business matchmaking appointments for participating small businesses.

Caltrans recognizes the importance of relationship-building in making business decisions, especially those involving contractual arrangements with new and limited contracting small business enterprises. Caltrans intends to foster new relationships by creating opportunities for small businesses to meet face-to-face with prime contractors to review qualifications, exchange information, and discuss potential contracting opportunities, requirements, and expectations. These activities streamline the introduction process, expedite vetting, and can help mitigate potential concerns about working with new contractors. In addition, Caltrans will continue to communicate with prime contractors—during partnering meetings with industry groups, during prime contractor training sessions, and during outreach events—to emphasize the critical role they play in helping Caltrans to create a more diverse contractor base and increase the participation of new and limited contracting small business enterprises.

One of the barriers to growing the Calmentor program involves recruiting mentors. Caltrans has not been successful in recruiting enough mentors to participate in the Calmentor program, and, as

a result, there are protégés who may be placed on a waiting list to be paired with a suitable mentor. A more creative approach to marketing Calmentor that highlights potential benefits for prospective mentors—personal, programmatic, industry-specific—may attract new participants, and therefore, expand opportunities for small businesses to participate. Accordingly, Caltrans will develop a campaign for ongoing recruitment of mentors to participate in its Calmentor program. The campaign will include, but not be limited to, promotional flyers and other marketing materials, a video that incorporates testimonials from participating mentors and protégés who have graduated from the program, and orientation-style events for mentors to be held throughout the state.

Caltrans' existing guidance for hosting pre-bid meetings—a pre-bid manual—provides general criteria for staff to consider when evaluating opportunities for hosting pre-bid meetings, but there is no established performance target (i.e., number of pre-bid meetings per year by division and/or district) for monitoring purposes. Therefore, some districts do not currently host pre-bid meetings as a matter of practice; those that do may not follow a standard format. Caltrans plans to revise its guidance to include greater specificity, where applicable, and adopt a more performance-based approach for pre-bid meetings to maximize opportunities and benefits for small businesses. Caltrans will provide training to its contract managers and buyers regarding procedures for hosting pre-bid meetings, including how to effectively conduct outreach to new and limited contracting small business enterprises to increase their participation in these activities.

D. Sponsor Events to Increase Contracting Opportunities (*Government Code Section 11410.1(b)(5)*)

Requirement

SB 103 Sec. 4, Government Code section 14110.1(b)(5): Partner with organizations representing persons and business enterprises from underrepresented groups, including, but not limited to, women, minority, disabled veterans, LGBT, and other disadvantaged groups, in a manner that will inform members of these organizations on opportunities to participate in transportation contracts.

Objectives

1. Meet with organizations representing businesses from underrepresented groups by continuing to host statewide and regional small business council meetings.
2. Meet with local, regional, state, and/or national business assistance organizations representing businesses from underrepresented groups.
3. Meet with construction and professional services industry organizations to effectively engage member businesses.
4. Participate in workgroups whose primary objective is to increase small business participation.

Implementation

Caltrans' statewide Small Business Council is an external advisory committee comprised of a diverse group of individuals and business owners representing multicultural, multi-ethnic trade associations; chambers of commerce; and other business assistance organizations. As of September 2018, the following organizations are represented on Caltrans' statewide Small Business Council:

- American Council of Engineering Companies - California
- American Indian Chamber of Commerce of California
- American Public Works Association
- Asian American Architects and Engineers, Southern California
- Asian American Architects and Engineers Association
- Asian Business Community Development, Inc.
- California Asian Pacific Chamber of Commerce
- California Black Chamber of Commerce
- California Chinese American Construction Professionals, Inc.
- California Community Connection Corporation
- United States Veterans Business Alliance
- Elite Service-Disabled Veteran-Owned Business Network
- Fresno Chamber of Commerce
- Fresno Metro Black Chamber of Commerce
- La Raza Roundtable de California
- Latin Business Association
- Mexican American Business and Professional Association
- National Association of Minority Contractors, Northern California Chapter
- San Francisco African American Chamber of Commerce
- San Francisco Bay Area Small Business Council
- San Joaquin County Hispanic Chamber of Commerce
- Society of Hispanic Professional Engineers, Los Angeles Chapter
- Southern California Black Chamber of Commerce
- Women Construction Coalition
- Women Construction Owners and Executives, California Chapter
- Women Construction Owners and Executives, United States of America

The purpose of Caltrans' statewide Small Business Council is to encourage small business participation on Caltrans' contracts and provide a forum to obtain feedback about Caltrans' policies and procedures that impact small business utilization. The statewide Small Business Council strives to identify and remove systemic barriers through advocating for policy-level initiatives and directives, thereby assisting Caltrans in maximizing opportunities for small business participation.

Each year, from September to November, the statewide Small Business Council reviews its member roster to verify that all participating organizations are complying with requirements and expectations defined in a set of operating guidelines established and maintained by Caltrans' Office of Business and Economic Opportunity. This review includes: removing organizations that have not met minimum participation requirements, researching new members/organizations, and following-up with prospective members/organizations to educate them about the work for which the statewide Small Business Council is responsible. The statewide Small Business Council also conducts an annual planning session during which it develops strategic objectives and performance measures. The planning session provides an opportunity to incorporate best practices gleaned from the previous year's meetings, as well as engage new public and private partners regarding efforts to reach a broader audience.

The statewide Small Business Council has contributed to Caltrans' efforts to revise its Standard Specifications for construction contracts, divide larger contracts into multiple smaller contracts to facilitate small businesses bidding as prime contractors, and disseminate information about bidding and working on Caltrans' contracts.

The statewide Small Business Council is chaired by the Assistant Director of the Office of Business and Economic Opportunity. Participants include: Caltrans' Director, Chief Deputy Director, District Directors, Division of Procurement and Contracts, Division of Local Assistance, Division of Construction, Office of Business and Economic Opportunity, SB 1 and SB 103 coordinators and liaisons, and representatives from the Federal Highway Administration and Department of General Services.

The statewide Small Business Council includes the following standing committees:

1. Commodities Committee: Discusses policy and procedures related to Caltrans' procurement of goods and supplies for projects and other contracts.
2. Construction Committee: Discusses policy and procedures related to Caltrans' construction projects.
3. Local Assistance/Professional Services Committee: Discusses policy and procedures related to Caltrans contracts with local agencies and professional services (i.e., architectural and engineering contracts).

In addition, there are two ad hoc committees:

1. Working Group to Enhance Participation of African American Firms in Caltrans' Contracting: Addresses increasing the pool of African American firms available to participate in Caltrans' contracting.
2. SB 1 Workgroup: Addresses increasing Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise participation on SB 1-funded projects; maximizing Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise opportunities and awareness;

enhancing the willingness of Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise firms to do business with Caltrans; and removing barriers hindering Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise participation in Caltrans' projects.

Several regional small business councils complement Caltrans' statewide Small Business Council. Regional councils exist in District 4 (greater San Francisco Bay Area); Districts 7, 8, and 12 (greater Los Angeles area, Orange County, and Inland Empire); and District 11 (San Diego and Imperial counties).

Caltrans also convenes a Disadvantaged Business Enterprise Participation Committee to develop and implement strategies and initiatives to increase participation opportunities for underrepresented businesses that are Disadvantaged Business Enterprise-certified to perform construction-related work. The Disadvantaged Business Enterprise Participation Committee roster includes businesses owned by underrepresented individuals, prime contractors, representatives from construction industry organizations, Caltrans project delivery stakeholders (including the Office of Business and Economic Opportunity), and representatives from the Federal Highway Administration.

Moving forward, Caltrans' Disadvantaged Business Enterprise Participation Committee is considering expanding its scope to include Disadvantaged Business Enterprises engaged in professional services, such as architectural and engineering work, as well as prime consultants. The addition of architectural and engineering-related prime consultants and subconsultants will allow for a more comprehensive discussion on ways to increase Caltrans' overall Disadvantaged Business Enterprise participation.

Caltrans' Disadvantaged Business Enterprise Participation Committee includes the following task groups:

1. Task Group B: Focused on post-award/utilization issues, including stop notices; prime contractor withholds; prompt payment; educating current and future Disadvantaged Business Enterprise firms on pre/post award activities related to Disadvantaged Business Enterprise utilization; dispute resolution for primes, subs, and suppliers; and joint checks.
2. Task Group C: Focused on pre-award issues, including effective outreach strategies to educate contractors about the Disadvantaged Business Enterprise certification process; strengthening the connection and effectiveness of Caltrans' District Small Business Liaisons; reorganizing the Office of Business and Economic Opportunity's website to increase effectiveness; and improving access to online tools for prospective Disadvantaged Business Enterprise firms and prime contractors searching for Disadvantaged Business Enterprises to meet contract goals.

3. Task Group D: Focused on the use of North American Industry Classification System codes and work category codes to identify ready, willing, and able Disadvantaged Business Enterprises by primary business activity, including relevancy to the Disadvantaged Business Enterprise program; determining the pros and cons of coding systems; and addressing the challenges Disadvantaged Business Enterprise-certified firms face when attempting to add codes to their database profile.

Caltrans' Disadvantaged Business Enterprise Participation Committee has two new focus areas: 1) trucking (i.e, transport of materials and equipment), and 2) good faith efforts to meet Disadvantaged Business Enterprise contract goals. Each focus area will be assigned a task group to discuss challenges and develop mitigation measures.

Caltrans' Office of Business and Economic Opportunity will continue to meet with business assistance organizations who represent businesses owned by underrepresented individuals to increase awareness of Caltrans' contracting opportunities among community members. As of September 2018, Caltrans' Office of Business and Economic Opportunity has met with the following organizations:

- American Indian Chamber of Commerce
- California Asian-Pacific Chamber of Commerce
- California Black Chamber of Commerce
- California Hispanic Chamber of Commerce
- Golden Gate Business Association (San Francisco LGBT Chamber of Commerce)
- National Gay and Lesbian Chamber of Commerce
- United States Veterans Business Alliance
- Veterans in Business Network
- Elite Service-Disabled Veteran-Owned Business Network

Caltrans' Office of Business and Economic Opportunity will continue to meet quarterly with construction and professional industry organizations, including, but not limited to, the Associated General Contractors, United Contractors, Southern California Contractors Association, and American Council of Engineering Companies, to discuss efforts to maximize Small Business, Disabled Veteran Business Enterprise, and Disadvantaged Business Enterprise participation on Caltrans contracts.

Caltrans' 12 district offices also serve as catalysts for cultivating partnerships at the district and/or regional level. District partners include, but are not limited to:

- Small Business Development Centers
- Procurement Technical Assistance Centers
- Builders' exchanges
- Service Corps of Retired Executives chapters
- Chambers of commerce
- Woman/minority/disabled veteran/LGBT organizations
- Community colleges
- Financial institutions
- Local, state, and federal agencies

Part II: Implementation of Related SB 103 Small Business Requirements

A. Voluntarily Reported Data (*Government Code Section 14110.2*)

Requirements

SB 103 Sec. 5, Government Code section 14110.2(a): The department shall collect voluntarily reported data on groups of interest awarded public contracts by the department, including, but not limited to, women, minority, LGBT, and disabled veteran business enterprises.

SB 103 Sec. 5, Government Code section 14110.2(b): The department shall report the information collected pursuant to subdivision (a) annually to the Legislature in conformance with Section 9795.

Implementation

As required in SB 103, and in compliance with California Proposition 209, Caltrans will collect voluntarily reported data from recipients of its public contract awards, including, but not limited to, businesses owned by women, minorities, LGBT, and disabled veterans. Proposition 209 prohibits Caltrans and other State departments from discriminating against or giving preferential treatment to any individual or group in public employment, public education, or public contracting based on race, sex, color, ethnicity, or national origin.

Caltrans collects voluntarily reported data, pursuant to Public Contract Code section 10111, by employing a “Voluntary Statistical Data Sheet” form (ADM-3023; see Appendix C). Data from voluntary statistical data sheets is aggregated annually and reported to the Department of General Services by way of the Ethnicity, Race, Gender, Sexual Orientation Report, which is part of the annual Contracting Activity Report (Form 810) requirement.

Caltrans’ Division of Procurement and Contracts sends voluntarily statistical data sheets to all prime contractors on state-funded contracts. Submittal of information to Caltrans is strictly voluntary. Information collected on voluntary statistical data sheets is anonymous and cannot be correlated to a specific certified Small Business; therefore, data cannot be disaggregated by group. Since completion of voluntary statistical data sheets is voluntary, Caltrans does not receive data for every state-funded contract.

The Office of Business and Economic Opportunity and the Division of Procurement and Contracts are developing processes to increase the collection of voluntary statistical data sheets. By June 2019, the Division of Procurement and Contracts will begin sending all contract documents electronically to contractors, including voluntary statistical data sheet forms. Contractors must then sign and send back documents electronically to the Division of Procurement and Contracts, including, potentially, the voluntary statistical data sheet, if contractors elect to provide the data. By streamlining the document submittal process, Caltrans

estimates that an additional 20-30 percent of voluntary statistical data sheet forms could be collected.

To comply with SB 103, Caltrans will report annually to the Legislature its progress on the collection of voluntary statistical data sheet forms. Caltrans will base all reporting on voluntarily collected data; the accuracy of voluntary data reports is based on the data submitted by contractors.

Figure A-1 compares voluntary statistical data sheet forms received from contractors in state fiscal year 2016-2017 and 2017-2018.

Figure A-1

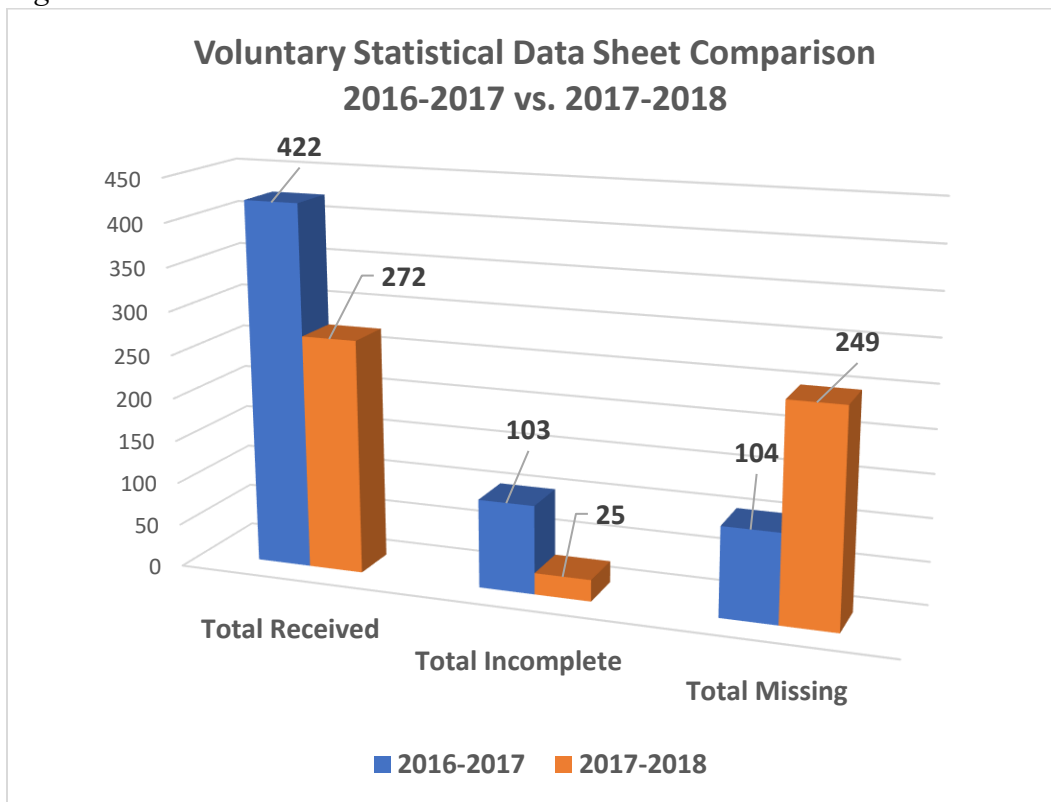


Figure A-2 details voluntary statistical data sheet forms sent and received in state fiscal year 2016-2017.

Figure A-2

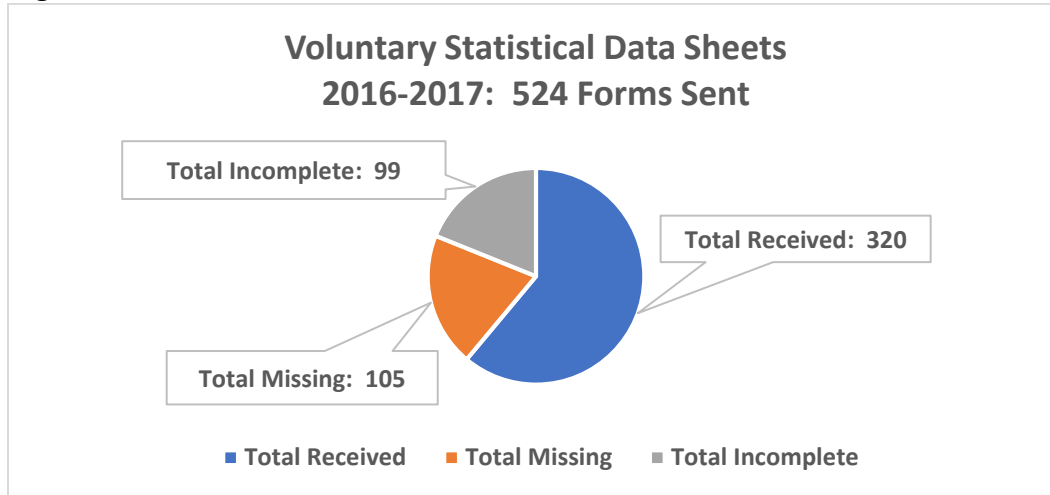


Figure A-3 summarizes the results from voluntary statistical data sheet forms collected in state fiscal year 2016-2017.

Figure A-3

Ethnicity, Race, Gender, Sexual Orientation (ERGSO) Report					
Agency: Transportation Agency		Department: Transportation			
Fiscal Year: 2016/2017		All Contracts			
		Goods	Services	Construction	Totals
		Column A	Column B	Column C	Column D
Part 1	Ethnicity Classifications				
	Asian-Indian		\$ 9,422,656	\$ 260,000	\$ 9,682,656
	Black	\$ 556	\$ 5,229,279	\$ 761,739	\$ 5,991,573
	Hispanic	\$ 1,286	\$ 14,228,113	\$ 1,508,871	\$ 15,738,270
	Native American	\$ -	\$ 6,230,000	\$ 6,540,000	\$ 12,770,000
	Pacific-Asian		\$ 17,947,200	\$ 200,000	\$ 18,147,200
	Other		\$ 39,438,194	\$ 7,457,205	\$ 46,895,399
	TOTALS	\$ 1,842	\$ 92,495,442	\$ 16,727,815	\$ 109,225,099
Part 2	Race Classifications				
	American Indian or Alaska Native	\$ -	\$ 5,530,000	\$ 40,000	\$ 5,570,000
	Asian		\$ 21,789,180	\$ 200,000	\$ 21,989,180
	Black or African American	\$ 556	\$ 5,229,279	\$ 761,739	\$ 5,991,573
	Native Hawaiian or Other Pacific Islander	\$ -	\$ 105,006	\$ -	\$ 105,006
	White	\$ 2,238,809	\$ 104,521,137	\$ 4,986,105	\$ 111,756,051
	Other	\$ -	\$ 11,268,490	\$ 6,024,507	\$ 17,292,997
	TOTALS	\$ 2,239,365	\$ 148,443,092	\$ 12,022,351	\$ 162,704,807
Part 3	Gender				
	Female	\$ 455,004	\$ 26,563,755	\$ 4,842,000	\$ 31,860,759
	Male	\$ 1,784,931	\$ 138,166,475	\$ 31,100,244	\$ 171,051,649
	Transgender	\$ -		\$ -	\$ -
	TOTALS	\$ 2,239,935	\$ 164,730,230	\$ 35,942,244	\$ 202,912,409
Part 4	Sexual Orientation				
	Lesbian	\$ -		\$ -	\$ -
	Gay	\$ -		\$ -	\$ -
	Bisexual	\$ -		\$ 1,367,300	\$ 1,367,300
	TOTALS	\$ -	\$ -	\$ 1,367,300	\$ 1,367,300

Figure A-4 details voluntary statistical data sheet forms sent and received in fiscal year 2017-2018.

Figure A-4

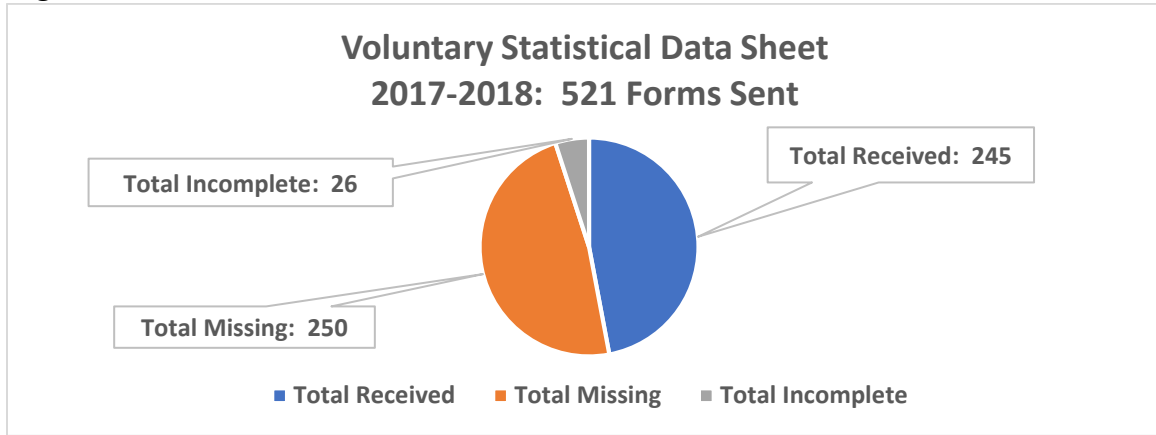


Figure A-5 summarizes the results from voluntary statistical data sheet forms collected in state fiscal year 2017-2018.

Figure A-5

Ethnicity, Race, Gender, Sexual Orientation (ERGSO) Report					
Agency:		Transportation Agency		Department: Transportation	
Fiscal Year:		2017/2018			
		Goods Column A	Services Column B	Construction Column C	Totals Column D
Ethnicity Classifications					
P a r t 1	Asian-Indian	\$ -	\$ 11,504,170	\$ -	\$ 11,504,170
	Black	\$ 392	\$ 3,814,900	\$ -	\$ 3,815,292
	Hispanic	\$ 65,270	\$ 21,785,302	\$ 9,434,005	\$ 31,284,579
	Native American	\$ -	\$ 2,604,039	\$ 30,000	\$ 2,634,039
	Pacific-Asian	\$ -	\$ 2,604,039	\$ 2,800,000	\$ 5,404,039
	Other	\$ 20,940	\$ 31,025,469	\$ 8,177,555	\$ 39,223,964
	TOTALS	\$ 86,602	\$ 73,337,919	\$ 20,441,561	\$ 93,886,082
Race Classifications					
P a r t 2	American Indian or Alaska Native	\$ -	\$ 1,985,131	\$ -	\$ 1,985,131
	Asian	\$ -	\$ 12,600,550	\$ 2,860,000	\$ 15,460,550
	Black or African American	\$ 392	\$ 2,243,003	\$ -	\$ 2,243,395
	Native Hawaiian or Other Pacific Islander	\$ -	\$ 2,883,054	\$ -	\$ 2,883,054
	White	\$ 86,210	\$ 86,638,240	\$ 83,884,125	\$ 170,608,574
	Other	\$ -	\$ 3,428,292	\$ 2,709,285	\$ 6,135,577
TOTALS	\$ 86,602	\$ 109,776,270	\$ 89,453,410	\$ 199,316,282	
Gender					
P a r t 3	Female	\$ 86,602	\$ 20,426,660	\$ 28,950,921	\$ 49,464,203
	Male	\$ -	\$ 82,095,122	\$ 64,803,210	\$ 146,898,332
	Transgender	\$ -	\$ -	\$ -	\$ -
	TOTALS	\$ 86,602	\$ 102,521,802	\$ 93,754,131	\$ 198,362,534
Sexual Orientation					
P a r t 4	Lesbian	\$ -	\$ -	\$ -	\$ -
	Gay	\$ -	\$ -	\$ -	\$ -
	Bisexual	\$ 392	\$ 58,389	\$ 400,000	\$ 458,781
	TOTALS	\$ 392	\$ 58,389	\$ 400,000	\$ 458,781

B. Disadvantaged Business Enterprise Participation on Federally-Funded Contracts

Caltrans can supplement voluntarily reported data from its state-funded contracts with certain demographic data it collects for certified Disadvantaged Business Enterprises that participate on its United States Department of Transportation-assisted contracts. Certification as a Disadvantaged Business Enterprise is based, in part, on whether a business is majority-owned by individuals presumed to be socially and economically disadvantaged, as defined in Title 49 of the Code of Federal Regulations, Part 26, including women and minorities. Therefore, Caltrans can quantify the participation of certified Disadvantaged Business Enterprises, including members of certain underrepresented groups, on its United States Department of Transportation-assisted contracts by race/ethnicity and gender.

Caltrans is required to report semi-annually to the United States Department of Transportation the total dollar value of contracts awarded to Disadvantaged Business Enterprises during the federal fiscal year, including a breakdown by race/ethnicity/gender, pursuant to Title 49 of the Code of Federal Regulations, Part 26.11. Figures B-1 and B-2 reflect Caltrans' 2016-2017 and 2017-2018 Disadvantaged Business Enterprise participation, disaggregated by disadvantaged groups defined in Title 49 of the Code of Federal Regulations, Part 26, on major construction, minor A construction, and maintenance contracts awarded by the Division of Engineering Services-Office Engineer, and minor B construction and architectural and engineering contracts awarded by the Division of Procurement and Contracts.

Figure B-1

**Division of Engineering Services-Office Engineer
and Division of Procurement and Contracts
Combined Disadvantaged Business Enterprise
Commitment 2016-2017: \$199,759,592.51**

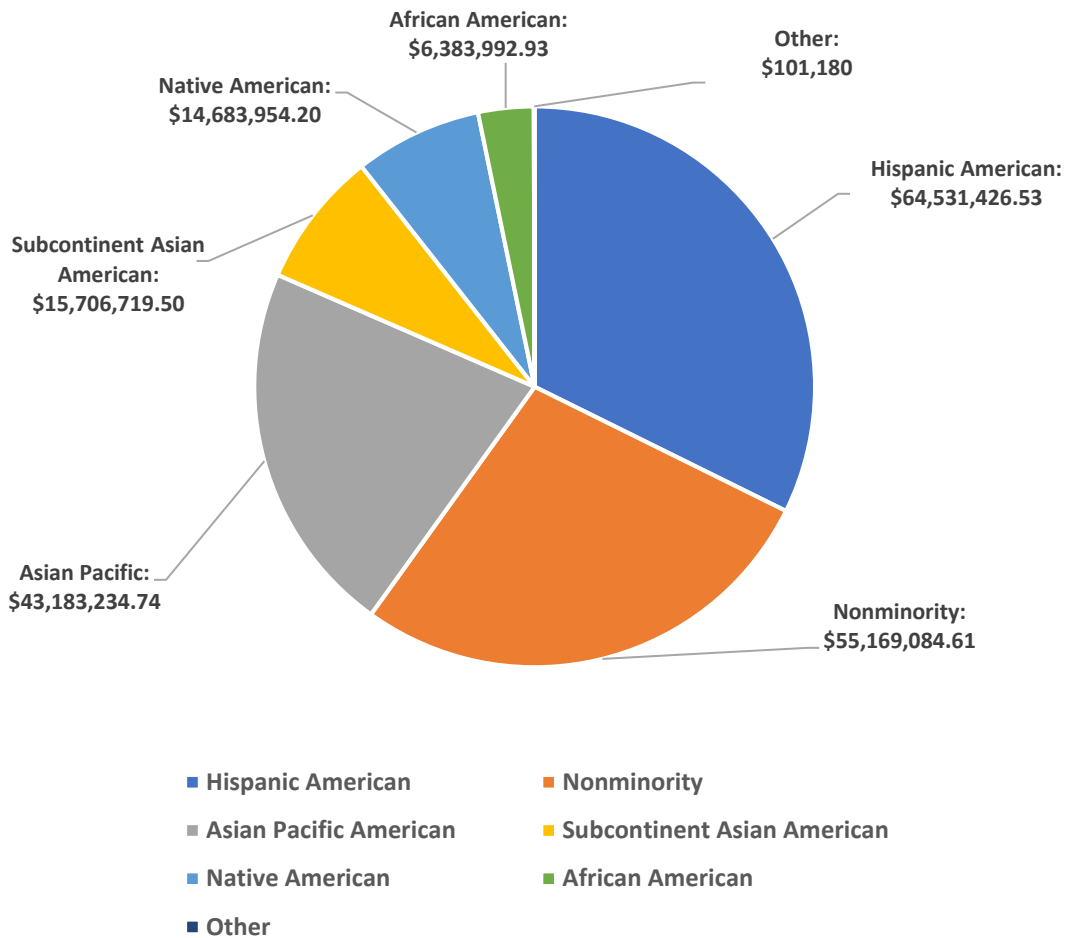
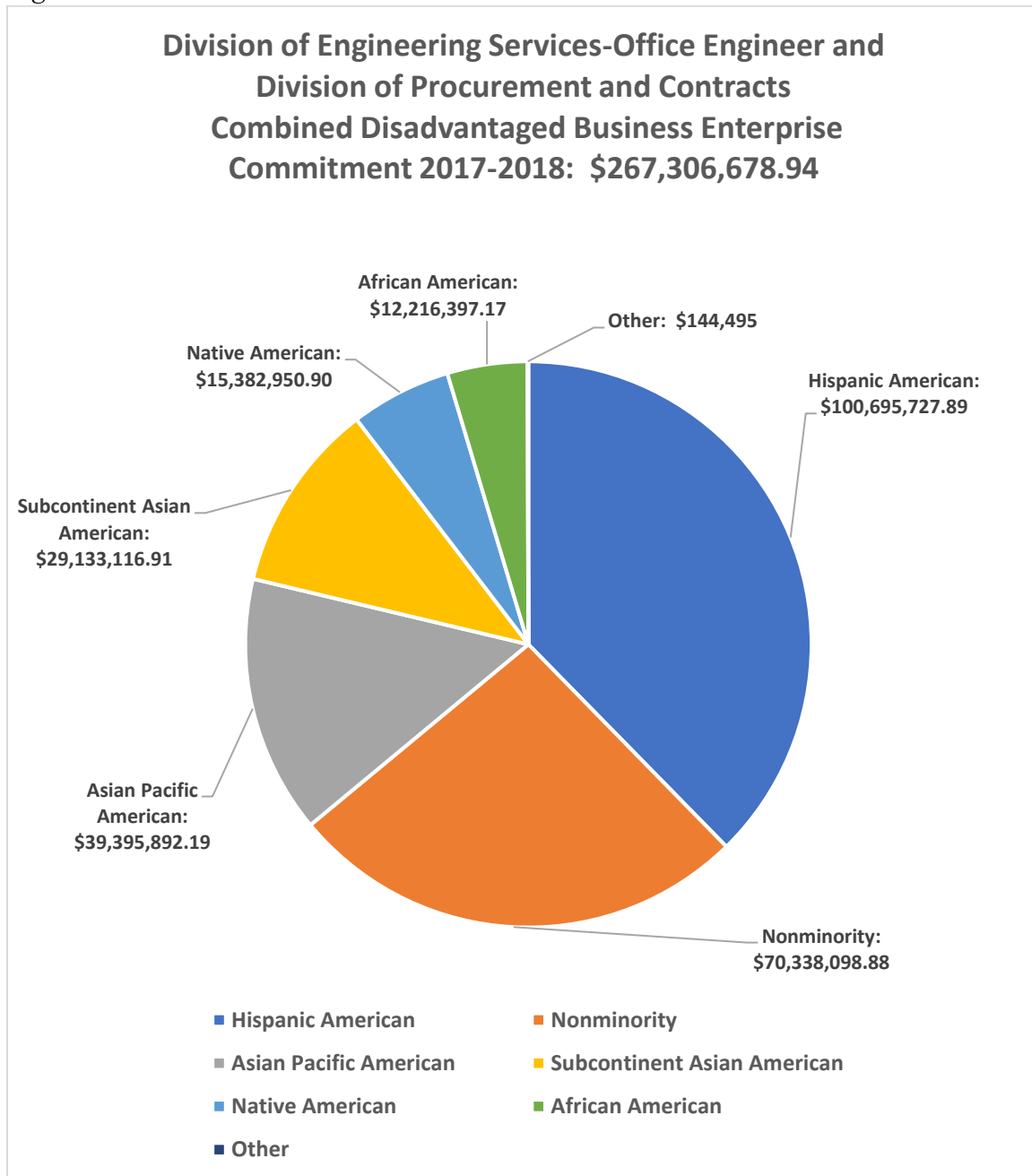


Figure B-2



C. Achieve 25 Percent Small Business Participation (*Government Code Section 14110.3*)

Requirement

SB 103 Sec. 6, Government Code section 14110.3: The department shall achieve, at a minimum, an overall rate of 25 percent certified small business participation in state-funded contracts and procurements.

Objectives

1. Maximize Small Business participation through use of available procurement options and mechanisms.
2. Track and monitor Small Business participation on state-funded contracts and procurements on an ongoing basis.
3. Schedule partnering meetings with Caltrans contracting and purchasing staff to identify opportunities for maximizing Small Business participation and provide training, where applicable.

Implementation

Pursuant to Public Contract Code section 10111, Caltrans is required to report annually on the dollar value of its state-funded contracts and procurements awarded to certified Small Business firms. This report is known as the Contracting Activity Report and is due to the Department of General Services annually by August 1.

Caltrans has exceeded the 25 percent Small Business participation target in each of the previous 5 state fiscal years, as reported on the Contracting Activity Report. Refer to the table below:

Caltrans' Small Business Participation on State-Funded Contracts and Procurements			
Fiscal Year	Total State Dollars	Total Small Business \$	Small Business %
17/18	\$1,785,183,219	\$510,017,424	28.51 percent
16/17	\$1,416,819,919	\$408,919,922	28.86 percent
15/16	\$1,129,015,763	\$519,879,000	46.05 percent
14/15	\$1,230,371,824	\$349,378,944	28.40 percent
13/14	\$1,074,833,768	\$303,566,873	28.24 percent

Caltrans obtains Small Business participation by contracting directly with and/or purchasing directly from certified Small Business firms using the Small Business/Disabled Veteran Business Enterprise Option. In addition, Caltrans offers a bid preference for certified Small Business bidders and a bid preference for noncertified bidders who commit at least 25 percent of the value of a contract to certified Small Business subcontractors. The preceding measures are consistent with the Small Business Procurement and Contract Act (Government Code sections 14835-14847). Although Caltrans does not currently set individual contract goals for Small Business

participation, SB 103 and amended Government Code language provide Caltrans with a statutory basis for considering this practice as a method for increasing Small Business participation.

Caltrans will continue to track and monitor Small Business participation on its state-funded contracts and procurements on an ongoing basis using quarterly reports issued by the Division of Procurement and Contracts, which is responsible for preparing the Contracting Activity Report on behalf of Caltrans, and supplemental data provided by the Division of Engineering Services—Office Engineer and the Office of Business and Economic Opportunity. All three divisions—Division of Procurement and Contracts, Division of Engineering Services, and the Office of Business and Economic Opportunity—will meet at regular intervals to monitor progress toward achieving an overall rate of 25 percent Small Business participation on state-funded contracts and procurements.

In State fiscal year 2015-2016, Caltrans reported Small Business participation of 46.05 percent. This percentage is a statistical outlier, and, thus, required further research. In October 2016, the Department of General Services audited Caltrans' reported Small Business participation for state fiscal year 2015-2016. The Department of General Services concurred with Caltrans' reported Small Business participation of 46.05 percent and there were no findings.

D. Increase Disparity Study Indices (*Government Code Sections 14110.4*)

Requirements

SB 103 Sec. 7, Government Code section 14110.4(a): Beginning with the 2018-2019 fiscal year, the department shall take all lawful and reasonable steps to raise the disparity indices for contracts awarded under the federal Disadvantaged Business Enterprise Program (Part 26 of Title 49 of the Code of Federal Regulations) to 100 for contracts and procurements subject to federal participation requirements, with particular emphasis on those minorities that exhibited substantial disparities with the indices, consistent with federal laws and regulations and subdivision (e) of Section 31 of Article I of the California Constitution.

SB 103 Sec. 7, Government Code section 14110.4(b): The department shall implement the recommendations from every disparity study undertaken as part of the federal Disadvantaged Business Enterprise Program (Part 26 of Title 49 of the Code of Federal Regulations), consistent with federal laws and regulations and subdivision (e) of Section 31 of Article I of the California Constitution.

Objectives

1. Calculate and analyze disparity indices.
2. Identify minority groups with substantial disparities.
3. Outline recommendations from previous disparity studies.

Implementation

Caltrans conducts disparity studies every three years to obtain evidence on which to base its overall annual Disadvantaged Business Enterprise participation goals for Federal Highway Administration- and Federal Transit Administration-assisted contracts pursuant to Title 49 of the Code of Federal Regulations, Part 26.45. A disparity study examines whether discrimination exists in the transportation industry and quantifies the degree to which it exists, if applicable.

A disparity study compares the participation of minority- and woman-owned businesses across racial/ethnic and gender groups by calculating disparity indices. Disparity indices provide a way of assessing how closely the actual participation of minority- and woman-owned businesses matches the percentage of contract dollars that those businesses might be expected to receive based on their availability for specific sets of contracts.

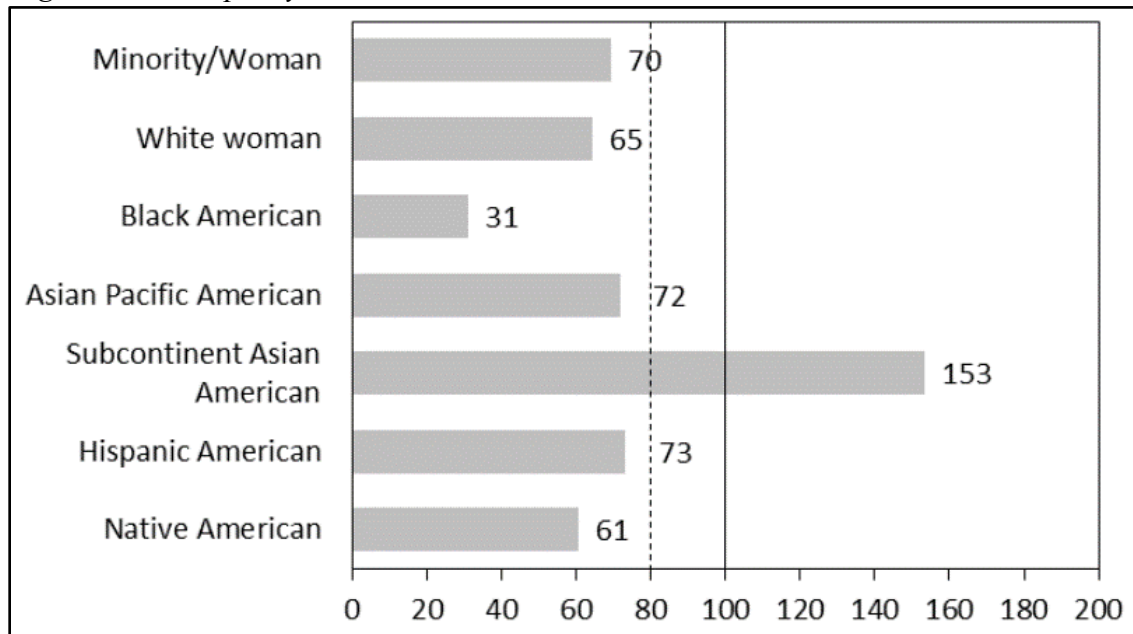
Disparity indices are calculated using the following formula:

$$\frac{\% \text{ Actual Participation}}{\% \text{ Availability}} \times 100 = \text{Disparity Index}$$

A disparity index of 100, also referred to as parity, indicates a match between actual participation and availability for a particular group for a specific set of contracts. A disparity index of less than 100 may indicate a disparity between participation and availability. A disparity index of less than 80 is often interpreted as an indicator of substantial disparity.

Disparity indices for Caltrans' state-funded contracts—that is, contracts without race- or gender-conscious measures—were calculated as part of Caltrans' 2016 Federal Highway Administration Disparity Study. Assessing disparities on contracts in a race- and gender-neutral environment, without Disadvantaged Business Enterprise contract goals, allows Caltrans to better understand the effects of Disadvantaged Business Enterprise contract goals on the participation of minority- and woman-owned businesses. The results identified five of six Disadvantaged Business Enterprise groups with substantial disparities (i.e., a disparity index of less than 80). One Disadvantaged Business Enterprise group, Subcontinent Asian Americans, was found to be above parity (i.e., a disparity index above 100). Refer to figure D-1, next page.

Figure D-1: Disparity Indices on Caltrans' State-Funded Contracts*



*Source: Caltrans' 2016 Federal Highway Administration Disparity Study

Caltrans' practice of setting individual Disadvantaged Business Enterprise contract goals on Federal Highway Administration- and Federal Transit Administration-assisted contracts with subcontracting opportunities is considered a race-conscious measure, because it applies specifically to woman- and minority-owned businesses who meet Disadvantaged Business Enterprise certification eligibility requirements. In addition, Caltrans has a broad range of race- and gender-neutral measures to encourage the participation of all small businesses, including Disadvantaged Business Enterprises, in its construction and professional services contracts.

Caltrans' race- and gender-neutral efforts can be classified into the following categories:

- Business outreach and communication
- Technical assistance and training
- Improved contracting processes
- Finance and bonding programs
- Prompt payment
- Data collection, monitoring, and reporting

Caltrans has completed four disparity studies for its Disadvantaged Business Enterprise program: February 2007 (Federal Highway Administration), August 2012 (Federal Highway Administration), December 2014 (Federal Transit Administration), and June 2016 (Federal Highway Administration). All four studies have yielded a combined 118 recommendations. Recommendations have been sorted into four categories:

1. Included in the Small Business Outreach Plan
2. Previously implemented
3. In development
4. Under review

Most items identified as being “under review” require a legal opinion. One of the objectives of the Disadvantaged Business Enterprise program is to create a level-playing field for groups presumed to be socially and economically disadvantaged to compete for United States Department of Transportation-assisted contracts. However, California’s Proposition 209, passed in November 1996, amended the State Constitution to prohibit public institutions from considering race, sex, color, ethnicity, or national origin in several areas, including public contracting. As Caltrans consults with and receives legal counsel, recommendations will be phased into future updates to the Small Business Outreach Plan.

Items identified as “in development” generally fall into two categories:

1. Software
2. Outreach

The Office of Business and Economic Opportunity, in collaboration with Caltrans’ Division of Local Assistance, Division of Transportation Planning, and Division of Rail and Mass Transportation, is researching available software that can accommodate the growing need for business participation data on demand, as well as generate mandated contracting activity reports. The goal is to choose the software that best suits a myriad of departmental needs and purchase and deploy in 12 to 18 months.

Recommendations for enhanced outreach will be phased into future updates to the Small Business Outreach Plan.

E. Advertising Contracting and Procurement Information (*Public Contract Code Section 10140(c)(2)*)

Requirement

SB 103 Sec. 9, Public Contract Code 10140(c)(2): If the department exercises its authority under paragraph (1), the department shall also publish information regarding notices listed on the

department's Internet Web site in trade papers, newspapers, or magazines, as appropriate in order to ensure all communities have access to the public notice, including those publications whose primary audience consists of underrepresented groups, including, but not limited to, women, minorities, LGBT, and disabled veterans, pursuant to the frequency requirements specified in subdivision (a).

Objectives

1. Develop a list of publications whose primary audience consists of underrepresented groups.
2. Develop content for notices, tailoring information to the maximum extent possible, including translating notices into other languages, as appropriate.
3. Supplement print notices with notices in relevant online publications and resources, where applicable, as well as use of social media and direct mailings.

Implementation

Public Contract Code section 10140(a)(1) allows State departments to meet requirements for issuing public notice of a project by using "a newspaper of general circulation published in the county in which the project is located, or if located in more than one county, in such a newspaper in a county in which a major portion of the work is to be done." If Caltrans exercises this option, it must comply with the provisions of Public Contract Code section 10140(c)(2) and also place notices in publications whose primary audience consists of underrepresented groups.

In December 2017, Caltrans' Office of Business and Economic Opportunity developed a list of publications whose readership includes a significant number of underrepresented individuals; this list will continue to evolve as research continues. Ongoing meetings with women, minority, LGBT, and veteran organizations will also identify avenues for engaging business owners in their respective communities.

Between January 2018 and April 2018, the Office of Business and Economic Opportunity placed print notices in 27 publications throughout the state whose readership includes a significant number of underrepresented individuals. Between June 2018 and August 2018, the Office of Business and Economic Opportunity placed an additional 26 notices. The first notice announced upcoming Caltrans contracting opportunities resulting from SB 1, while the second notice included links to Caltrans' construction and architectural and engineering contract "Look Ahead Reports" and an online calendar of upcoming trainings and resources. Notices were translated into seven other languages (Hindi, Japanese, Korean, Mandarin, Punjabi, Spanish, and Vietnamese), as appropriate.

Caltrans will continue to develop notices for placement in print publications throughout the state whose readership includes a significant number of underrepresented individuals. Content will vary, as appropriate, and will include, but not be limited to, information regarding currently

advertised contracts, upcoming contracting opportunities, training opportunities and resources, and outreach events and activities. Caltrans will supplement print notices by using social media (i.e., Facebook, Twitter) and direct mailings, where applicable.

Caltrans' Office of Business and Economic Opportunity will continue to work with departmental project delivery stakeholders to identify opportunities for placing notices, develop suitable content, and identify additional industry-centric publications for consideration.

Part III: Appendices

- A: Evaluation Survey Results: Office of Business and Economic Opportunity's Fiscal Year 2017-2018 Training Presentations
- B: Overview of Caltrans' Small Business Outreach Workgroup
- C: Voluntary Statistical Data Sheet (ADM-3023)
- D: Small Business Outreach Roles and Responsibilities
- E: Caltrans District Map
- F: Statutory Reporting Reference

Appendix A: Evaluation Survey Results: Office of Business and Economic Opportunity’s Fiscal Year 2017-2018 Training Presentations

Presentation Title	Attendees	Number of Survey Responses Received	Percentage of Respondents Who Were Satisfied	Survey Format	Recommended Improvements
Doing Business with Caltrans: Getting Started	137	22	86%	Electronic and hard copy	<ul style="list-style-type: none"> • Survey attendees at the beginning of the workshop for specific concerns. • Discuss requirements for Safe Harbor Rate (specifically related to architectural and engineering contracts). • Details for service contracts. • More consulting information (specifically environmental consulting). • Opportunities to meet actual prime contractors.
Disadvantaged Business Enterprise Certification Workshop	86	4	75%	Electronic	<ul style="list-style-type: none"> • Expand information regarding North American Industry Classification System coding. • More time for questions.
Subcontractor Training	86	17	100%	Electronic and hard copy	<ul style="list-style-type: none"> • More frequent workshops. • Website navigation assistance. • Opportunities to meet prime contractors.
Prime Contractor Training	43	7	85%	Electronic and hard copy	<ul style="list-style-type: none"> • More information about becoming a prime contractor. • Use local radio stations to reach out to minority businesses. • Get participation and/or feedback from suppliers.

Appendix B: Overview of Caltrans' Small Business Outreach Workgroup

Purpose

Caltrans' Small Business Outreach Workgroup brings together a cross-functional team of Caltrans subject-matter experts to monitor the implementation of Small Business Outreach Plan components. This activity provides a mechanism for communication, tracking, evaluation, reporting, and resources management.

Reporting Structure

The Office of Business and Economic Opportunity will serve as the chair of Caltrans' Small Business Outreach Workgroup. The Office of Business and Economic Opportunity will appoint a workgroup facilitator, who will be charged with managing the workgroup's roster, scheduling meetings, developing agendas, tracking action items, preparing reports, and communicating updates to executive management.

Objectives

1. Invest in activities that create opportunities for prime contractors and subcontractors, including new and limited contract small business enterprises, to meet face-to-face.
2. Collaborate with internal and external partners to organize and deliver events and activities focusing on Caltrans contracting opportunities.
3. Communicate more effectively with new and limited contracting small business enterprises regarding Caltrans contracting opportunities.
4. Expand options for accessing and receiving training and technical assistance.
5. Employ assessments, surveys, and other metrics to evaluate the effectiveness of programs, services, and activities, and inform future outreach efforts.

Participating Divisions

- Office of Business and Economic Opportunity: Responsible for conducting outreach to promote awareness of Caltrans' contracting opportunities, providing resources for new and limited contracting small business enterprises (i.e., training and technical assistance), and tracking and reporting business participation data.

- Division of Engineering Services-Office Engineer: Responsible for developing, advertising, and awarding minor A construction, major construction, and maintenance contracts.
- Division of Procurement and Contracts: Responsible for procurement of information technology and non-information technology commodities, as well as developing, advertising, awarding, and managing minor B construction, service, and architectural and engineering contracts.
- Division of Local Assistance: Responsible for authorizing and overseeing local public agency construction and architectural and engineering contracts for over 600 cities, counties, and local municipalities.
- Division of Construction: Responsible for oversight of the performance of work on Caltrans construction contracts, including utilization of listed Small Business, Disabled Veteran Business Enterprise, Disadvantaged Business Enterprise, and noncertified subcontractors.

Appendix C: Voluntary Statistical Data Sheet: ADM-3023

STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION
VOLUNTARY STATISTICAL DATA SHEET
ADM-3023 (REV 06/2017)

Information to be used for reporting purposes only

Public Contract Code (PCC) 10111(f), requires State agencies to capture information on ethnicity, race, and gender (ERG) of business owners on all awarded contracts and procurements to the extent that the information has been voluntarily reported to the department. The awarding department is prohibited from using this data to discriminate or provide a preference in the solicitation or acceptance of bids, quotes, or estimates for goods, services, construction and/or information technology. This information shall not be collected until after the contract award is made. The completion of this form is **strictly voluntary**.

The data you provide on this form should best describe the *ownership of your business*. Ownership of a business should be determined as follows:

- For a business that is a sole proprietorship, partnership, corporation, or joint venture at least 51 percent is owned by one or more individuals in a classification designated below or, in case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more individuals in a designated classification, or
- For other business entities, the owner is the person controlling management and daily operations and who "owns" the business

For purposes of this report, respond only if the business has its home office in the United States and is not a branch or subsidiary of a foreign corporation firm or other business.

Ethnicity/Minority Classification - *As defined in PCC Section 2051(c)*

- Asian-Indian - a person whose origins are from India, Pakistan, or Bangladesh
- Black - a person having origins in any of the black racial groups of Africa
- Hispanic - a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin regardless of race
- Native American - an American Indian, Eskimo, Aleut, or Native Hawaiian
- Pacific Asian - a person whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, or the United States Trust Territories of the Pacific, including the Northern Marianas
- Other - Any other group of natural persons identified as minorities in the respective project specifications of an awarding department or participating local agency

Race Classification - As defined by the Office of Management and Budget, Federal Register Notice, October 30, 1997 at <http://www.whitehouse.gov/information-for-agencies/federal-register>

- | | |
|--|--|
| <input type="checkbox"/> American Indian or Alaskan Native | <input type="checkbox"/> Asian |
| <input type="checkbox"/> Black or African American | <input type="checkbox"/> Native Hawaiian or Other Pacific Islander |
| <input type="checkbox"/> White | <input type="checkbox"/> Other |

Gender Classification

- | | |
|---------------------------------|-------------------------------|
| <input type="checkbox"/> Female | <input type="checkbox"/> Male |
|---------------------------------|-------------------------------|

Sexual Orientation Classification: *As defined by Public Contract Code 10111(f)*

- | | |
|----------------------------------|--------------------------------------|
| <input type="checkbox"/> Lesbian | <input type="checkbox"/> Bisexual |
| <input type="checkbox"/> Gay | <input type="checkbox"/> Transgender |

The completed form can be returned via fax (916) 324-1869 or mailed to:
Department of Transportation, Office of Business and Economic Opportunity (MS-79)
Attention: DBE Program Manager, 1823 14th Street, Sacramento, CA 95811

ACQUISITIONS ANALYST: COMPLETE THE SECTION BELOW BEFORE YOU SEND IT OUT WITH AWARD.

ITEMS BELOW TO BE COMPLETED BY STATE AGENCY/DEPARTMENT ONLY

- | | | |
|--------------------------------|-----------------------------------|---------------------------------------|
| <input type="checkbox"/> Goods | <input type="checkbox"/> Services | <input type="checkbox"/> Construction |
|--------------------------------|-----------------------------------|---------------------------------------|

Total Acquisition Purchase: \$ _____ Acquisition Award Date: _____

Appendix D: Small Business Outreach Roles and Responsibilities

Office of Business and Economic Opportunity

- Develop Caltrans' Small Business Outreach Plan to increase procurement opportunities for new and limited contracting small business enterprises, including underrepresented groups.
- Update Caltrans' Small Business Outreach Plan, as required.
- Determine baselines for new and limited contracting small business enterprises.
- Track and monitor awards to new and limited contracting small business enterprises.
- Submit annual reports to the Legislature for new and limited contracting small business enterprises and other underrepresented groups receiving Caltrans contracts.
- Sponsor apprenticeship programs.
- Sponsor meetings to introduce prime contractors to new and limited contracting small business enterprises.
- Partner with organizations to increase contracting opportunities for all underrepresented groups.
- Develop new outreach methods to engage new and limited contracting small business enterprises.
- Place notices regarding upcoming Caltrans contracting opportunities in publications whose primary audience includes underrepresented individuals.
- Chair Caltrans' Small Business Outreach Workgroup.

Division of Procurement and Contracts

- Send quarterly Small Business and Disabled Veteran Business Enterprise participation data on state-funded contracts and purchases to the Office of Business and Economic Opportunity.
- Assist with increasing receipt of voluntary statistical data sheet forms for Caltrans' awarded contracts.
- Assist with outreach to new and limited contracting small business enterprises to increase procurement opportunities.
- Participate in Caltrans' Small Business Outreach Workgroup.

Caltrans' Divisions and District Offices

- Sponsor apprenticeship programs.
- Partner with organizations to increase contracting opportunities for all underrepresented groups.
- Sponsor meetings to introduce prime contractors to new and limited contracting small business enterprises.
- Host training workshops.

- Sponsor pre-bid meetings.
- Sponsor Calmentor activities.
- Fund placement of notices regarding upcoming Caltrans contracting opportunities in publications whose primary audience includes underrepresented individuals.
- Participate in Caltrans' Small Business Outreach Workgroup.

Appendix E: Caltrans District Map



Appendix F: Statutory Reporting Reference

SB 103 Sec. 4, Government Code section 14110.1

14110.1. (a) (1) The department shall develop and submit to the Legislature, by January 1, 2019, a detailed outreach plan intended to increase procurement opportunities for new and limited contracting small business enterprises, including, but not limited to, those owned by women, minority, disabled veterans, LGBT, and other disadvantaged groups, in all the department's transportation programs, including, but not limited to, state road repairs, bridge repair and maintenance, trade corridors, congestion commute corridors, and local partnerships.

(2) The department shall update the outreach plan based on the outcome of any disparity study undertaken every three years as part of the federal Disadvantaged Business Enterprise Program (Part 26 of Title 49 of the Code of Federal Regulations).

(b) The department shall undertake all of the following outreach activities, which shall be included in the plan:

(1) Sponsor, fund, or partner with apprenticeship programs, including those engaged in specific efforts to increase participation in the transportation construction industry of all groups, including, but not limited to, women, minorities, LGBT, disabled veterans, disadvantaged youth, and formerly incarcerated individuals.

(2) Host, fund, or partner with organizations that host workshops, training classes, and other activities around the state focused on opportunities to contract with the department. Contracting opportunities discussed may include, but shall not be limited to, construction, communication, and consulting services in the areas of engineering, environmental, and surveying services.

(3) Sponsor meetings to introduce prime contractors to new and limited contracting small business enterprises, including, but not limited to, those owned by women, minority, disabled veterans, LGBT, and other disadvantaged groups.

(4) Sponsor opportunities, including, but not limited to, prebid meetings and the department's Calmentor program, to increase contacts between prime contractors and new and limited contracting small business enterprises, including, but not limited to, those owned by women, minority, disabled veterans, LGBT, and other disadvantaged groups.

(5) Partner with organizations representing persons and business enterprises from underrepresented groups, including, but not limited to, women, minority, disabled veterans, LGBT, and other disadvantaged groups, in a manner that will inform members of these organizations on opportunities to participate in transportation contracts.

(c) By January 1, 2019, the department shall submit the outreach plan prepared pursuant to paragraph (1) of subdivision (a), and each update thereafter, to the California Legislative Black Caucus, California Latino Legislative Caucus, California Asian Pacific Islander Legislative Caucus, California Legislative Lesbian, Gay, Bisexual, and Transgender Caucus, and California Legislative Women's Caucus.

(d) The department shall annually report to the Legislature, pursuant to Section 14110.2, the percentages of entities receiving public contracts from the department, disaggregated by classifications, including, but not limited to, new and limited contracting enterprises, and

women, minority, disabled veteran, and LGBT business enterprises, and further disaggregated within each of these classifications by contract size categories, as determined by the department.

(e) All reports to the Legislature required by this section shall be submitted in conformance with Section 9795.

(f) The Inspector General of the Independent Office of Audits and Investigations shall review, audit, and report on the department's outreach efforts required by this section. In addition, the Inspector General shall audit businesses as appropriate to ensure that persons associated with entities that do not meet the definition of a new or limited contracting small business enterprise do not create a new associated entity that would meet the definition of a new or limited contracting small business enterprise and thereby subvert the purposes of this section.

(g) For purposes of this section, the following terms have the following meanings:

(1) "Limited contracting small business enterprise" means a certified small business, as defined in Section 14837, that has received fewer than five public contracts from the department in the previous two years or has received public contracts from the department totaling less than two hundred fifty thousand dollars (\$250,000) in the previous two years.

(2) "New small business enterprise" means a certified small business, as defined in Section 14837, that has not received a public contract from the department in the previous two years.

SB 103 Sec. 5, Government Code section 14110.2

14110.2. (a) The department shall collect voluntarily reported data on groups of interest awarded public contracts by the department, including, but not limited to, women, minority, LGBT, and disabled veteran business enterprises.

(b) The department shall report the information collected pursuant to subdivision (a) annually to the Legislature in conformance with Section 9795.

SB 103 Sec. 6, Government Code section 14110.3

14110.3. The department shall achieve, at a minimum, an overall rate of 25 percent certified small business participation in state-funded contracts and procurements. For purposes of this section, "small business" has the same meaning as set forth in Section 14837.

SB 103 Sec. 7, Government Code section 14110.4

14110.4. (a) Beginning with the 2018–19 fiscal year, the department shall take all lawful and reasonable steps to raise the disparity indices for contracts awarded under the federal Disadvantaged Business Enterprise Program (Part 26 of Title 49 of the Code of Federal Regulations) to 100 for contracts and procurements subject to federal participation requirements, with particular emphasis on those minorities that exhibit substantial disparities with the indices, consistent with federal laws and regulations and subdivision (e) of Section 31 of Article I of the California Constitution.

(b) The department shall implement the recommendations from every disparity study undertaken as part of the federal Disadvantaged Business Enterprise Program (Part 26 of Title 49 of the

Code of Federal Regulations), consistent with federal laws and regulations and subdivision (e) of Section 31 of Article I of the California Constitution.

SB 103 Sec. 9, Public Contract Code section 10140

10140. (a) Public notice of a project shall be given by publication once a week for at least two consecutive weeks or once a week for more than two consecutive weeks if the longer period of advertising is deemed necessary by the department, as follows:

(1) In a newspaper of general circulation published in the county in which the project is located, or if located in more than one county, in such a newspaper in a county in which a major portion of the work is to be done.

(2) In a trade paper of general circulation published in San Francisco for projects located in County Group No. 1, as defined in Section 187 of the Streets and Highways Code, or in Los Angeles for projects located in County Group No. 2, as defined in Section 187 of the Streets and Highways Code, devoted primarily to the dissemination of contract and building news among contracting and building materials supply firms.

(b) The department may publish the notice to bidders for a project in additional trade papers or newspapers of general circulation that it deems advisable.

(c) (1) In the case of the Department of Transportation, instead of the public notice described in subdivision (a), the public notice requirement of this section may instead be met by publishing the public notice electronically on that department's Internet Web site.

(2) If the department exercises its authority under paragraph (1), the department shall also publish information regarding notices listed on the department's Internet Web site in trade papers, newspapers, or magazines, as appropriate in order to ensure all communities have access to the public notice, including those publications whose primary audience consists of underrepresented groups, including, but not limited to, women, minorities, LGBT, and disabled veterans, pursuant to the frequency requirements specified in subdivision (a).