



California High-Speed Rail **BRIEFING: October 21, 2021, Agenda Item #5**

TO: Board Chair Richards and Board Members

FROM: Catrina Blair, Chief, Process and Program Development Branch

DATE: October 21, 2021

RE: Small and Disadvantaged Business Program Update

Summary

This is an informational Item to update the Board of Directors on the efforts of the High-Speed Rail Authority's Small and Disadvantaged Business Program. Staff will bring an action item to the Board in the coming months on this topic.

Background

This informational item is to provide an overview of the High-Speed Rail Authority's (Authority) Small Business Program and an overview of work Authority staff have done with stakeholders to understand the concerns raised by the Authority's 30% Small Business Program goal. Based on those discussions, it appears that the current Small Business Program goal has caused confusion to stakeholders and the Small Business community, and staff is reviewing ways to improve the Authority's program.

The Authority's Small and Disadvantaged Business Program which was first authorized in 2012 and revised in 2015, established an overall small business goal of 30%. This 30% goal combines small businesses (SB) and disabled veteran owned businesses (DVBE) certified under the State of California with disadvantaged business enterprises (DBEs) certified by the federal government, each with their own set of requirements. This 30% goal is one of the highest among any California state agency, and while well intentioned, has proved difficult to achieve because the state and federal regulations measure progress toward the goal differently. Furthermore, while the Authority risks failure of not achieving the federal 10% DBE goal, the Authority is also at risk of not achieving the 25% state SB contracting requirement and 3% DVBE goal mandated by California's SB Executive Order S-02-06 and Military and Veterans Code 999, respectively.

Prior Board Action:

N/A

Discussion

Over the last year, the Small Business Team completed an evaluation of the Small Business Program and determined that revising the program, including the Small Business goal, could result in better outcomes for the Authority, Prime Contractors, Subcontractors, and Subconsultants. When the Small Business Program was adopted in 2012, the project was in the design phase. The Small Business Team has taken into consideration best practices and lessons learned and is contemplating bringing to the Board proposed revisions of the program to align with how the rest of the State of California applies SB, DVBE, and DBE goals in the Authority's future contracts. Below are proposed ideas staff is considering bringing to the Board to define each goal more clearly:

Separation of State Small Business (SB) Disabled Veteran Business Enterprise (DVBE) Goals from Federal Disadvantaged Business Enterprise (DBE) Goal.

Contract funding source	Certification Program	Goal
100 percent Federal	DBE	10% to 17%
Blended-State/Federal	DBE	10%
	SB	25%
	DVBE	3%
100 percent State	SB	25%
	DVBE	3% to 5%

Legal Approval

The Legal Office has reviewed, and this item complies with Authority policy.

Budget and Fiscal Impact

This is an informational item on the Authority's Small and Disadvantaged Business Program, and by itself, does not have a budget or fiscal impact.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: Signed 10/13/2021
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis: Signed 10/13/2021

Recommendations

This is an informational item

Attachments

Small and Disadvantaged Program Review Presentation